

FINANCIAL TIMES

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World News

Hong Kong governor plans trip to Peking

Sir David Wilson, Hong Kong's governor, is expected to visit Peking within the next two or three weeks for talks with senior Chinese government officials.

Soviets boost output: Collective and state farms are to be transformed into more efficient units under a new plan to boost grain production.

Thailand faces crisis: Thailand's government was plunged into crisis by the resignation of Mr Chuan Leekpai.

Indian troops depart: India hopes to complete by the end of March the withdrawal of troops from Sri Lanka.

Perestroika threat: The Lithuanian Communist Party is pushing the Soviet central party to take decisions that threaten the Kremlin's perestroika reforms.

Yeltsin's Russia bid: Boris Yeltsin, the Soviet radical, is running for president of Russia, the largest of the Soviet Union's 15 republics.

Name restoration: Pressure is building in East Germany to restore the original names of thousands of streets, schools and factories.

Litter deters tourists: London's increasing amount of street litter could damage its popularity with tourists.

Rabbi criticizes Tutu: South Africa's Chief Rabbi Cyril Harris criticized Archbishop Desmond Tutu for saying that he supported Palestinian protests against Israeli rule.

Israeli visits Moscow: Israel's Science Minister Ezer Weizman is scheduled to go to Moscow next week.

Socialism to stay: North Korean leader Kim Il-sung has expressed confidence that socialism under his leadership will survive the current wave of reform sweeping eastern Europe.

PLO's European plan: The PLO's foreign affairs chief Farouk Kaddoumi has suggested Arab states invest in Eastern Europe to counter pro-Israeli influences there.

Wales in Soviet trip: Solidarity leader Lech Walesa said that he planned to travel to the Soviet Union in late winter and expected to meet Mikhail Gorbachev.

Rebels seize towns: Fighting intensified in northern Ethiopia where rebels claimed to have seized three towns, Western diplomats said.

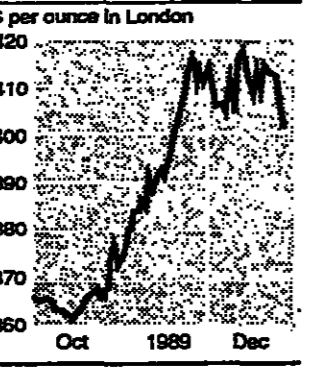
US airline threat: Northwest Airlines said it had received a bomb threat against a new year's weekend transatlantic flight from Paris to Detroit.

Business Summary

GAN of France buys UK insurer for £230m

Groupes des Assurances Nationales, French state-owned insurance company, is to take over General Portfolio Group, UK life insurer, for £230m (\$370m).

Gold price: GOLD was fixed in London at \$398.60 an ounce - the first time for five weeks that the fix has been below \$400.



above key support levels, recovering to close at \$401 an ounce, a fall of 95.25 on the day.

AEROSPACE: Japanese government, in an effort to get the long-stalled FSX co-production fighter aircraft project with the US off the ground, has agreed to shoulder the costs of transferring Japanese technology to US manufacturers.

US Commerce Department predicted steady but slower growth in 1990 for US industry despite pessimistic signs for the important auto and construction sectors.

CITICORP, US banking group, has signed a HK\$2.2bn (\$282m) agreement to purchase up to 40% of a \$1.68bn (\$2.13bn) central Hong Kong office development.

DARTY: France's largest management buy-out, the FFR7bn (\$1.2bn) takeover of Darty, leading electrical goods retailer, became the subject of a police investigation six weeks after being criticised by stock market authorities.

MOYOR industry: West European new car sales and production reached record levels in 1989, despite signs of weakening demand in some markets in the final months of the year.

ANGLO United, mining and fuel distribution group, has continued to dispose of assets acquired in its £478m (£770m) contested takeover of Coalite last July.

ENERGY: An international power plant consortium, involving Hawker Siddeley Power Engineering of the UK, won a \$1.07bn deal to supply a 1,300MW oil-fired power station complex to Pakistan.

UK Gilts market drifted downwards yesterday as sterling tumbled to a record low against the D-Mark.

PHILIPPINE stock exchange experienced panic selling after a warning that there could be a new coup attempt against President Corason Aquino next month.

FOODS: The deep split in the family controlling Campbell Soup became public when three members said an investment group to which they belonged wanted to sell its 17.3 per cent stake in the company.

CREDITANSTALT, Austria's biggest bank, plans to increase its dividend by at least Sch10 (82 cents) a share for 1989.

Romanian leadership will contest free elections

By John Lloyd and Judy Dempsey in Bucharest

LEADERS OF Romania's new Government said yesterday that they would contest free elections to be held in April.

In a lengthy interview, Mr Silviu Brucan, a senior member of the committee: ● gave full details of the capture of the Ceausescus - not yet published in Romania; ● revealed that General Ion Vlad, the national commander of the Securitate (security police) had tried and failed to make a deal with the new forces of the revolution; ● rejected any possibility of economic reform before the elections scheduled for next spring.

● claimed that the Ceausescus had at least \$1.1bn in numbered accounts in Swiss banks; ● forecast "a radical turn-about" in Romanian foreign policy; ● said that Mr Ion Iliescu, President, and Mr Petre Roman, Prime Minister, were chosen for their posts by the committee because of their courage in entering the Central Committee building and speaking to the crowds last Thursday afternoon, as power hung in the balance.

Mr Brucan, speaking in his office in the heavily guarded Foreign Ministry late on Wednesday night, insisted that the committee would remain the main political force in Romanian society, leaving little space for the other parties being formed. He said, however, that there would be free competition for votes in the elections.

UK moves against Noriega funds

By David Lascelles, Banking Editor, in London

THE UK government took legal steps yesterday to obtain details of bank accounts in Britain suspected of concealing drug money belonging to General Manuel Noriega, the deposed Panama strongman.

But little of the deposed Panamanian dictator's \$1bn cash hoard is believed to be in the UK. It is understood that the orders relate to less than \$500,000 placed in fewer than 10 accounts.

The Home Office declined to give details of the orders yesterday, but they are believed to be addressed to international banks based in London, rather than the big UK banks.

Most UK banks have not waited for official orders to block the accounts. Ministers have already tried to identify accounts belonging to both Gen Noriega and Mr Nicolas Ceausescu, the executed Romanian president, whose assets are now being sought by the new Romanian government.

The bulk of the Noriega fortune is believed to be in France and Switzerland where the authorities have already blocked suspected accounts in response to US requests.

Luxembourg, which has also been contacted by the US, said it would freeze any accounts held by Gen Noriega if it could be proved that there was a criminal rather than political basis for the request.

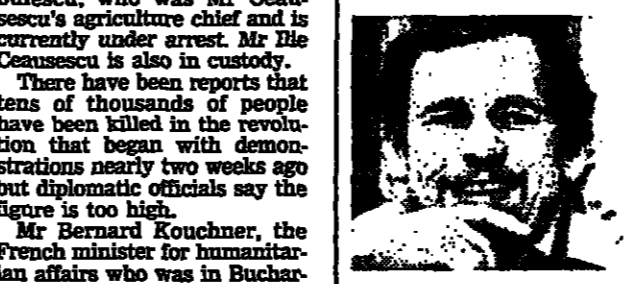
In Panama, US forces detained two senior Panamanian military officers as they left the Vatican mission in the capital yesterday as diplomatic efforts to remove their former leader from the mission continued to founder.

The government of Mr Guillermo Endara formally presented its credentials to the Vatican yesterday as a prelude to possible official contacts between the two sides over Gen Noriega's fate.

Noriega waits to face the music; Panama mops up after the invasion, Page 2



Alexander Dubcek, leader of the Prague Spring reform movement crushed by the Soviet-led invasion in 1968, was yesterday elected Speaker of Czechoslovakia's Parliament, a post constitutionally second only to that of the President. Page 12



Vaclav Havel, the Czechoslovakian playwright whose plays were banned for more than 10 years, will today be elected President by his country's Federal Assembly. Can he replace a lopsided economy with one more suited to the nation? Page 3

Bank supports weak pound as D-Mark rises

By Patrick Harverson, Economics Staff, in London

THE BANK of England intervened to support sterling in the foreign exchange markets yesterday as the strong D-Mark left the British currency trailing in its wake for the second day running.

The pound closed in London down 2 1/2 pence at an all-time low of DM 2.7225.

Sterling's weakness has added to City of London's nervousness about today's trade figures. A larger than expected deficit for November - the consensus forecast is for a deficit of about \$1.6bn (\$2.6bn) - even put the pound under even greater pressure, leaving the Government with the prospect of having to raise interest rates to halt the currency's slide.

The pound fared slightly better against the dollar yesterday, falling just over a cent to \$1.6135. On the Bank of England's trade-weighted index (1985=100), it fell 0.7 to 65.8.

The Bank bought pounds for dollars and European currency units early yesterday but, after a modest recovery, sterling continued its decline against the D-Mark in light trading.

The pound also fell sharply against the main European currencies, which were higher on the back of the strong D-Mark. The fall in the pound this week has been a reflection of powerful support for the West German currency on international markets. Dealers reported little selling of pounds, with most investors

Japan releases 'import expansion programme'

By Robert Thomson in Tokyo

JAPAN has concluded that the good times of decline will soon be over, after nine successive months of falling trade surpluses.

Inspired by the vision of bloody trade wars with the US, the Japanese Government yesterday released what it described as "drastic import expansion measures" that are "unparalleled in history and the world."

Many of the gift-wrapped package of measures have already been reported, fore-shadowed or strategically leaked, but Mr Masahisa Naitoh, director-general of the trade administration bureau of the Ministry of International Trade and Industry (MITI), said they were an important contribution to the "maintenance of a free trading system."

These measures are quite the reverse of export promotion measures that Japan took during the 1960s. It is 180 degrees opposite," he said.

The announcement reflects the Japanese Government's deep fears that next year will be tough for trade and that relations with the US could be particularly troubled. Most international agencies expect an increase in Japan's trade surplus next year, while Mr Naitoh said Japan will pay for FSX transfer, Page 12

Hillsborough Holdings files for bankruptcy court protection

By Roderick Oram in New York

HILLSBOROUGH Holdings, a Florida housebuilder and construction materials company owned by Kohlberg Kravis Roberts, the leading US leveraged buyout specialist, has filed for bankruptcy court protection following its bondholders' rejection of a refinancing package.

It is one of the largest and most notable failures among the few US leveraged buyouts to date which have had to seek the protection.

KKR, which is coming under increasing criticism for its performance of some of its investments, said Hillsborough was a financially sound company. Its problems stem primarily from a lawsuit preventing Hillsborough from selling assets and the resulting complications in resetting the price of \$25m of Hillsborough debt.

The pioneer of heavily indebted buyouts, KKR has made only one more deal since the completion early this year of its \$25bn purchase of RJR Nabisco, the food and tobacco group. It has been more in the news for having to renegotiate the debts of Hillsborough and two other investments, SCI Television and Seaman Furniture.

Given Hillsborough's well publicised impasse with its bondholders, the junk bond market was unaffected by yesterday's collapse. The market is more concerned by the growing possibility that Allied Stores and Federated, two leading retail chains owned by Campeau of Canada, could soon become by far the biggest LBOs to fail.

KKR set up Hillsborough to make the \$2.4bn takeover in January 1988, of Jim Walter, a house construction and building materials group. It later sold off some \$61m of Walter assets.

Hillsborough's problems began this summer when a Texas lawyer brought an asbestos victims' class action suit against it, KKR and Drexel Burnham Lambert, its investment banker. The suit, seeking \$30m in damages, contends that Hillsborough had tried to evade its liabilities by selling Celotex, a maker of asbestos building materials, in April 1988.

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MARKETS

Table with 2 columns: Market Name and Price/Change. Includes NY Stock, London, Gold, US LINCENTIME, and US 90% (Argus).

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OVERSEAS NEWS

Panama mops up after invasion

By Tim Coone in Panama City

PANAMA yesterday began the task of cleaning up after the US invasion of last week. Makeshift barricades erected in Panama City by local vigilante groups to guard against looters began to be dismantled, as US troops were finally deployed to re-establish law and order.

Returned to full-time operation, with a backlog of 130 ships to clear. Some 38 were to pass through yesterday - close to normal levels.

Another market has sprung up as hundreds of millions of dollars worth of goods looted from Panamanian shops during the first days of the invasion as law and order collapsed, are on sale. Looted video-tape recorders are offered for \$50.

US forces yesterday detained two senior Panamanian military officers as they left the embassy. They were naval Commander Arnulfo Castrillon and Lt-Col Carlos Velardez, a Defence Forces chaplain, a US Southern Command spokesman, Col Jerry Murgia, said.

Noriega waits to face the music

Lionel Barber on the search for a deal over Panama's ex-ruler

BOXED IN by loudspeakers blaring rock music into his hideaway in the Vatican Mission, General Manuel Noriega yesterday experienced the same psychological warfare which he used so effectively as military ruler of Panama.

subject to several constraints. First, the Roman Catholic Church has a centuries-old tradition of providing sanctuary. To reverse this policy, even in the case of the much-reviled Noriega, would provoke an outcry from Latin American church leaders who have already condemned the US invasion.

over to US forces, he declared, "would be absolutely outside usual norms of diplomatic procedure and international law."

to wreak mischief. The obvious solution would, therefore, be to turn Gen Noriega over to the Panamanians for trial in Panama.

Yet the musical games played by the American soldiers amount only to a diversion. The pressing issue is how to reach a deal on the deposed Panamanian leader which is acceptable to the US, the Vatican and the newly installed Panamanian government.

Second, as the Vatican made clear this week, it intends to act in accordance with "international law and justice." This means that Gen Noriega cannot be handed directly over to the US because the Papal Nuncio in Panama City is empowered only to deal with the host country, not with Washington.

Some such as Mr Guillermo Ford, Vice President, want a public trial; others argue that it is more important to rebuild the devastated economy and let the Americans take care of the dirty business of dealing with Noriega (a pacifist view engrained in the Panamanian middle class which helped to create the climate for last week's US invasion).

In a letter to the Pope leaked to the US press yesterday, President Endara made clear he favoured such a course. "The current situation... is that Noriega would be in the hands of troops of the US who would presumably guarantee his security and presumably bring him to justice for the common and despicable crimes of which he is accused in that country. In our judgment, this solution would save innocent Panamanian lives."

The diplomatic and legal manoeuvring began on Christmas Eve when the Vatican ambassador in Panama City - the Papal Nuncio - granted refuge to Gen Noriega, who is wanted in the US on drug-trafficking charges.

One caveat is that the Vatican representative has given the US authority to use troops if Noriega or any of his loyalists take hostages in the embassy.

Privately, however, US officials concede that the prospect of a trial in the US is still remote. Panama has no extradition treaty with the US (though officials are searching for loopholes in the 1904 treaty between the two countries that created the legal basis for the Canal). More importantly, Mr Bush has made clear that the Endara government, should it choose to assert its sovereignty, must have first crack at Gen Noriega.

US efforts are focusing more on preventing a deal whereby the General could be dispatched to asylum in a third country, such as Cuba, where he could continue

Gen Noriega was granted temporary refuge only, in contrast to asylum, which provides wider guarantees of safe passage. The Papal Nuncio did not clear his offer of sanctuary with Rome, and made it only after the fugitive General pledged to end the fighting in Panama.

Mr Joaquin Navarro-Valls, Vatican spokesman, described Noriega as a former head of government and head of the armed forces. To hand him

Third, the Vatican appears to act on orders over the US claim that Gen Noriega is a common criminal who must be brought to justice.

Given the above contradictions, it seems clear that no deal on Noriega will be ideal.

US budget pact called 'sham'

By Anthony Harris in Washington

IN AN opening shot in the partisan warfare expected over the US budget soon, the Democratic chairman of the Congressional Joint Economic Committee, Representative Lee Hamilton, has denounced the current budget agreement as an independent economic assessment, rather than the administration's projections, as a basis for the budget.

Mr Hamilton, in a report which appears to be an individual enterprise, calls for a tax increase to reduce the budget deficit, and the adoption of an independent economic assessment, rather than the administration's projections, as a basis for the budget.

yet that Cuba expected growth in the favourable trading terms it enjoys with these countries now that their governments are increasingly adopting more western-leaning, market-orientated economic policies.

tourism, while boosting domestic food production and maintaining already high levels of social services, particularly health, education and housing.

The report was issued when other members of the committee were out of town, and its tax recommendation may be seen as undermining the Democratic Party's strategy of waiting for President George Bush to make the first move.

Since the 1989 revolution which toppled a right-wing dictatorship, Cuba's economy has become almost completely dependent on the trade and aid of traditional socialist allies like the Soviet Union.

The 1990 economic development law targeted growth in Cuba's gross social product, the communist equivalent of gross national product GNP, at between one and two per cent.

The island's favourable terms of trade with the Soviet Union, by far its biggest trading partner, are most visible in the sugar sector, where Cuba has been receiving prices that are at least double world market prices.

However, it is clearly based on the work of the Committee's widely respected economic staff, and also draws heavily on an assessment of the US economy given by Professor James Tobin, a Nobel laureate, at a committee hearing.

He has the inter-governmental conference he wanted on monetary union, and has pushed through several important measures on the single market.

Exports were targeted to rise by between 2 and 3 per cent in 1990 and imports by between 3 and 4 per cent. No comparative figures were given.

The group claimed responsibility for wounding of two army officers in attacks in Madrid and Valencia on December 13 and 15.

Mitterrand well pleased as Ireland takes the helm

Lucy Kellaway reports on the successes and failures of France's six-month stint in the EC presidency

WHEN President Mr François Mitterrand of France climbs high chair at midnight on Sunday, he will doubtless feel well pleased with his record.

of the community had been pushed aside, but in the last month a remarkable spurt has been made on some of the most difficult issues.

Both had been given a push at the Strasbourg summit, where heads of Government had put them on the urgent list for approval by the end of the year, but both proved too hard for the French and will be handed on to Ireland, president from Monday, to sort out.

Public procurement, which accounts for some 15 per cent of European GNP, is the more important of the two. The plan to extend existing arrangements to sectors such as water, energy, telecommunications and transport, in which national purchasing habits are entrenched, is therefore an essential part of the single market game plan.

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Mitterrand: Pushed through measures on the single market

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Israel puts pressure on Honda over boycott

By Hugh Carnegie in Jerusalem

THE ISRAELI Government, campaigning against compliance by foreign companies with an Arab boycott of Israel, has demanded that Japan's Honda Motor Company publicly back a decision by its US subsidiary to export cars to Israel before it will approve the imports.

Shifting sands of politics create new Arab hopes

Max Rodenbeck and Victor Mallet examine the implications of Syria's renewed links with Egypt

A WEEK of furious Middle East diplomacy, culminating in renewal of relations between Egypt and Syria, has revived hopes of a period of dynamism in the Arab world after years of economic stagnation and empty political rhetoric.

relationship has improved dramatically in recent weeks. Yesterday Col Abu Bakr Younis, the Libyan Defence Minister and envoy for Col Muammar Gaddafi, the Libyan leader, met President Assad in Damascus after a visit to Iraq.

in each other. Egypt and Iraq, together with Jordan and North Yemen, recently formed the Arab Co-operation Council, which was regarded in Syria and elsewhere as a vehicle for Arab aggression.

Reconciliation may be prompted by fears of a changing world rather than genuine conviction

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Yet Arab unity of any meaningful sort remains a distant dream. It is now possible to drive from Morocco in the west to Iraq in the east, but trade between Arab nations still represents less than 10 per cent of the regional total.

Even if an Arab consensus for accommodation with Israel emerges - a development which will be viewed with displeasure by those Israelis who fear Arab unity and who oppose giving up Israeli-occupied land in exchange for peace - other issues will continue to be divisive.

Iraq and Syria, with their mutually antagonistic Presidents and rival wings of the Baath party, are still at loggerheads, although Egypt is expected to attempt to bridge their differences.

This week President Hosni Mubarak of Egypt, in an enigmatic reference to the effects of the Cairo-Damascus rapprochement on Egypt's alliance with Iraq, said he and President Sadat Hussein, the Iraqi leader, still had full confidence

democratic left. Knowledge of Mr Dimir's seizure was widespread in Brazil before polling day (December 17), despite a news blackout. This raised anxiety among supporters of Mr Luis Inacio Lula da Silva, the Workers' Party candidate, that his centre-right ally, Mr Fernando Collor would "revert" the kidnapping and attribute it to the radical left so as to win votes. In the event, Mr Collor won the election by 35m votes to 31m, without mentioning the case.

There was also some initial scepticism within the police when political motives were first raised, some speculating that they were being used as a ruse to mitigate simple financial objectives.

After a siege - concurrent with voting in the decisive round of Brazil's presidential election - five Chileans, two Argentines, two Canadians and one Brazilian gave themselves up. Police are still hunting four of the gang, which is said to include two Belgian women.

Some Brazilian socialist politicians have cast doubt on the possibility of political motives behind the kidnapping, believing that such allegations are being made to discredit the

Brazilian kidnap gang 'linked to the far left'

By Ivo Dawson in Rio de Janeiro

INVESTIGATIONS of an international gang of kidnapers, captured in São Paulo last week, have revealed links with extreme left groups across Latin America, according to the head of Brazil's federal police.

Mr Roman Tuma said inquiries revealed that the gang was linked to Chilean guerrilla groups and may have received training and other support from radicals in Argentina and other countries.

The kidnappers were run to ground in a São Paulo suburb 10 days ago - a week after they had seized Mr Abilio Dimir, head of the vast Pão de Açúcar supermarket group and one of Brazil's best-known businessmen.

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Turkey withdraws 'turban ban'

By Jim Hodgson in Ankara

TURKEY yesterday withdrew a ban on the wearing of Islamic head-dress in higher education institutions, an issue which has been at the heart of controversy over the threat to the secular state posed by resurgent Islamic conservatism.

The ruling Motherland Party (ANAP) had pushed a repeal of the so-called "turban ban" through parliament more than a year ago, at the instigation of Islamic conservatives and right-wing nationalists within the party. However, the repeal was overturned early this year by the constitutional court, reportedly at the behest of the secularist then President Turgut Ersoy.

Now the relevant article in the higher education law has been cancelled by decree, bypassing the constitutional court - although the annulment could be rescinded yet again by the supreme administrative court.

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EASTERN EUROPE

Lithuania warned on 'threat to perestroika'

THE Lithuanian Communist breakaway from Moscow is provoking the Soviet central party to take decisions that threaten the Kremlin's perestroika reforms, Pravda said yesterday, Reuter reports from Moscow.

A front-page editorial in the party daily, published two days after a Central Committee meeting on the issue, said the Baltic republic's decision this month to set up an independent party had "caused great concern in society. (The decision) in essence is a blow to political reform, our hopes and plans to renew socialism in a spirit of humanism and democracy," it said.

Pravda repeated statements by President Mikhail Gorbachev and other senior Communists that the formal break in the party, the first since the 1917 Bolshevik revolution, struck at the very heart of the Soviet political structure. "The Soviet Communist Party is being provoked to react in a way that could ruin many perestroika processes," it declared.

The party Central Committee this week postponed a decision on whether to act against the establishment of the new party, pending Mr Gorbachev's visit to Lithuania early next year.

The breakaway communists interpreted this as a partial success providing them with a grace period to consolidate support. Communists in the republic voted by more than five to one to establish a separate party as the sole means of regaining lost popularity ahead of local elections in 1990.

The breakaway party has been given an enthusiastic reception throughout the republic. But Pravda said the decision raised the spectre of another bitter round of inter-ethnic tension in the country.

"We have reached a dangerous line and we must stop in front of it and put an end to discord and misunderstandings and rule out methods of pressure, blockades and force," it added.

"(Events) have shown that party organisations lose wherever and whenever they give way to the pressure of nationalist, separatist forces and consort with them."

As soon as he is sworn in, the people of Prague will be told by 20 rounds from a battery of guns brought this morning to the Plain of Letna. The new president and members of the Federal Assembly will then proceed to the cathedral for Mass. The people may well find this recognition of the Catholic Church more stunning than the election itself.

But the real game of politics takes place out of the public view, and it would be wrong to believe the change in the power structure is as pervasive and fast as this symbolism would suggest.

The Federal Assembly will be complying merely with an agreement reached at a "round table" of the Communist Party and the new political organisations which have mushroomed during the past month. The rule of a power centre formed outside the constitutional organs and consisting of the leaders of the coalition parties

Intellectual who holds Czechs' future in his hands

Can Vaclav Havel replace a lopsided economy with one more suited to his nation, asks A.H. Hermann

IS another revived Czech tradition from 1918-38, when "the Five" - the leaders of the coalition parties - decided all important matters of state, leaving their enactment to parliament and their execution to government.

The students' cry "Havel to the castle" was heard first in Prague. The provinces are not so enthusiastic. All they knew about Havel was that the press called him a bourgeois intellectual troublemaker moving in and out of prison, supported by money from abroad.

Leaving vituperation aside, this claim of the communist press was justified. Havel was born 83 years ago into a family of Prague entrepreneurs. Because of his origins, he was denied higher education but despite this, is an outstanding intellectual. His employment as a laboratory assistant and in a brewery did nothing to alter his essential personality. The discrimination he suffered, and his experiences, provided him with material for plays and motivated his dissident activities.

It is also true he received money from abroad. Royalties from his plays in London and elsewhere were his only income and though modest, seem to have been sufficient. The communist press was also right in describing him as a "troublemaker" moving in and

out of prison. But this could hardly be taken as a defamation, even if it were not true.

Havel's plays are more important than his prison experience. The Garden Party, staged in Prague in 1964, and the others, expose the double-speak of a decadent and brutal regime, the schizophrenia of people who became used to pretending conformity with absurd and harmful policies while keeping their common-sense to themselves.

In one of his essays, Havel writes: "We have to be alert to the danger that almost unnoticeably, our responsibility might split into two responsibilities - one human and the other political". In confronting the human person with his bureaucratic *alter ego*, Havel continues the struggle for integration of the Czech spirit started by Franz Kafka's Trial and Jaroslav Hasek's Good Soldier Schweik. But while the first only exposed the tension created by the dehumanised nomenclatura - to use a more recent term - and the second released this tension by laughter, Havel stirred the oppressed to opposition.

What can one expect from Havel as president? He accepted the nomination only for the six months leading to free elections in the middle of 1990, and he is probably the best man to ensure the election

influence by his personality alone. Starting as a village apprentice, he became a university teacher, fighting causes and proclaiming humanitarian ideals. Havel's ethos is clearly inspired by the same ideals as Masaryk's. Unlike Masaryk, he was born rich, but the silver spoon was wrenched from his mouth. He is small, dresses informally, speaks haltingly and when interviewed gives short, monosyllabic answers.

Where Masaryk was contemplative, Havel reveals a remarkable absence of doubt: there is a great strength in his singleness of purpose, his ability to give a "yes" or "no" to almost any question. He has shown himself willing to forgo personal comforts, even going to prison for his opinions.

It is an important feature of Havel's struggle with a hypocritical oppressive regime, but it is not the sort of post-revolutionary bravado which now sweeps the country. His political manifesto was dated April 8 1975, preceding by 10 years critical perestroika. It took the form of an open letter to President Gustav Husak. It is couched in complicated intellectual language.

Havel started his letter by saying it was fear which made everybody behave as if Czechoslovak society were united, when in fact it was sliding into a crisis more dangerous than



Havel: Responsibilities

any in its recent history. This "ersatz life" was the result of such superficial conformity when energy was spent on chasing scarce food and consumer goods, and individuals lost the sense of their identity.

But even in 1975, Havel was optimistic. Life can be repressed for long periods, he said, but not stopped forever. The silent striving of the oppressed would in the end shatter the power structure. The 1968 "moment of truth" had to be paid for dearly, but the humiliation which followed would lead to a still greater explosion. And so the explosion brought Havel to the castle.

One question remains unanswered. Will Havel and those who follow his lead be able to replace the lopsided economic structure of Czechoslovakian industry with one more in harmony with the country's resources? Will they be able to terminate Czechoslovakia's counter-productive command economies by freeing market forces and the skills and inventiveness of the people?

The movement unleashed by Havel reminds one of Masaryk's "Castle Group" - which did much for Czech arts in the inter-war period, but left the economy and politics at the mercy of politicians and bankers. One hopes history will not be repeated.

Yeltsin seeks presidency of Russian Republic

MR Boris Yeltsin, the Soviet radical, is running for president of Russia, the largest of the Soviet Union's 15 republics, the Interfax news service said yesterday, AP reports from Moscow.

Mr Yeltsin won more than 8m votes in a landslide victory last spring to become Moscow's representative in the national parliament.

He will have to win a second round last spring that he ran against Mr Mikhail Gorbachev for presidency of the whole country, in an election in the national Congress of People's Deputies.

Russia is the largest republic in the Soviet Union, stretching from Leningrad through Siberia to the Pacific coast. About half the nation's 286m people live in Russia.

Voters in Ramezki, a town

near Moscow, nominated Mr Yeltsin, said Interfax, which is affiliated with the state-run Radio Moscow.

Mr Yeltsin was dumped from his job as Moscow Communist Party chief in late 1987 after his outspoken criticism of party leaders. He was later given a state post in construction.

The 53-year-old former engineer turned his stance as a fighter for justice and victim of the party bureaucracy into a sweeping victory in elections for the Soviet Congress last March, when he won 89 per cent of the Moscow vote.

As a national legislator, Mr Yeltsin has emerged as a leader of the fledgling opposition to Communist Party leaders and has continued to push for faster reforms.

Elections are scheduled for this March in the Russian Federation. No other prominent candidates for the presidency have been announced.

The current Russian Federation president is Mr Vitaly Vorotnikov, a long-standing member of the party's ruling Politburo.

Soviet collective farms 'to be transformed'

COLLECTIVE and state farms are to be transformed into more efficient units under a new plan to boost grain production, a senior Soviet Communist Party official was quoted as saying yesterday, Reuter reports from Moscow.

Mr Yegor Stroyev, a party Central Committee secretary interviewed by Pravda, said an overhaul of pricing was vital to overcome chronic food shortages and to free the Soviet Union from the "bondage" of imported grain. "The collective and state farms can and must be transformed - into co-operatives, associations of leaseholders, groups of shareholders

and other bodies in accordance with the wishes of producers," Mr Stroyev said.

"The main thing is to remove step by step artificial contradictions and consolidate all forces and possibilities, so independent farmers have a single concern - how to feed the country."

Complete overhaul of the pricing system was vital to encourage efficient production methods. "We must re-examine the existing pricing mechanism. This probably means unified base prices or reducing the difference in prices between regions. Prices must provide a stimulus for quality."

E Germans want thousands of streets to be renamed

PRESSURE is building in East Germany to restore the original names of thousands of streets, schools and factories which were named after communist notables, and to give back Karl Marx Stadt its original name to Adolf Hitler Strasse.

The initiative picked up momentum after an all-German Christmas reunion in which 1.5m East and West Germans took advantage of new visa-free travel to pay visits across the border on December 24 and 25.

East Germans expressed support in letters to local newspapers and radio interviews for an initiative by the Liberal Democratic Party (LDPD) to change the Saxon city's name back to Chemnitz which it bore until 1953.

The party also called for the Juri Gagarin Strasse, named after the late Soviet astronaut, and Julius Marchlewski Strasse, named for a pre-war Polish Communist, to again be called Zschopauer Strasse and Bernsdorfer Strasse as they were before the Communist takeover.

Virtually every town in East Germany has a Karl Liebknecht Strasse or an Ernst Thälmann Strasse, named after pre-war German Communist leaders. Local citizens are now calling for these streets to be given back their original names. But this is not as easy

as it may seem.

No other European country apart from the Soviet Union has undergone so many name changes in this century as Germany. Thus, many a Wilhelmstrasse after World War I was changed to Adolf Hitler Strasse under the Nazis, then to Leninstrasse when the Red Army conquered East Germany.

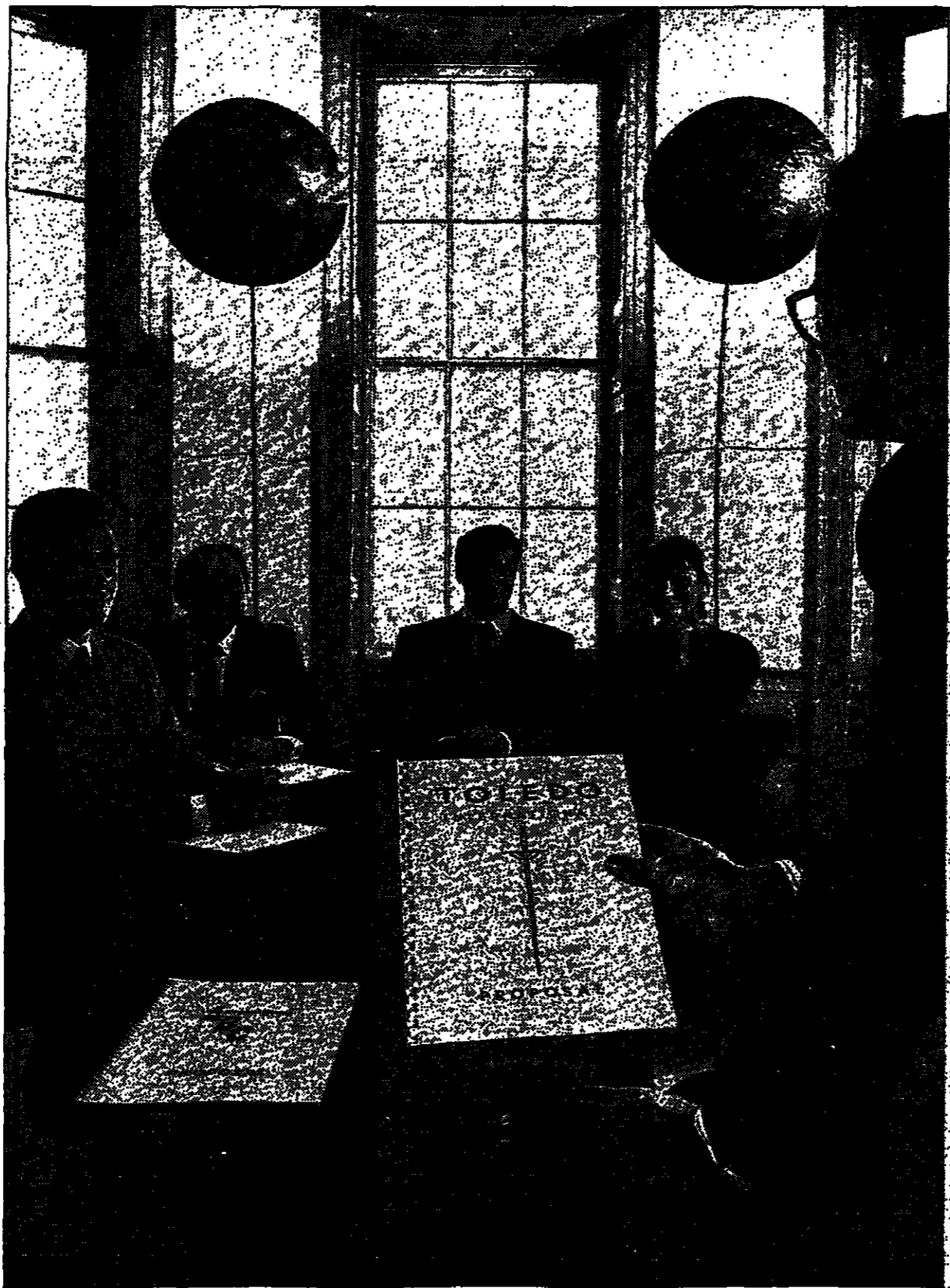
The inhabitants of Potsdam outside Berlin are calling for their Leninstrasse to be given back its former name of Luisenstrasse. Hundreds of streets, squares and schools named after Wilhelm Pieck, the first East German President, may be next in line for name changes.

Times have also changed radically for Communist Party members. Employment signs outside East German factory gates warn that party members need not apply for jobs.

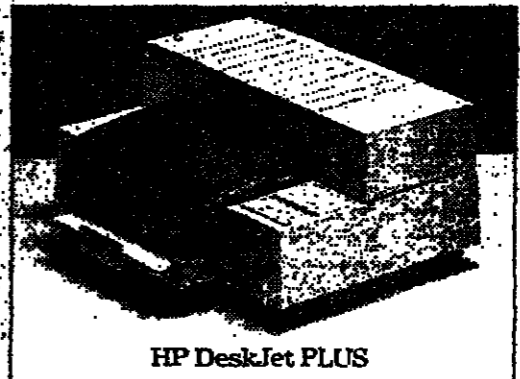
The situation is worst for former employees of the hated Ministry of State Security who are being boycotted by citizens. While some former chauffeurs of the Ministry are steering city buses in East Berlin, Leipzig and Dresden, most ex-security employees have a much harder time finding employment.

The Government has set up special commissions to ensure that the former security officials are not discriminated against in seeking work.

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THE POSSIBILITY MADE REALITY.

OVERSEAS NEWS

W European car sales set for record

By Kevin Done, Motor Industry Correspondent

WEST EUROPEAN new car sales and production have reached record levels in 1989, despite signs of weakening demand in some markets in the final months of the year.

According to industry estimates, new car sales across 17 European markets were 2.1 per cent higher in November, at 1.63m. In the first 11 months of the year, sales were 4.8 per cent higher than a year earlier, at 12.6m.

For the full year, new car sales are expected to exceed 13.4m, a record level for the fifth year in succession and marking the climax to the longest period of sustained growth enjoyed by the western European car industry.

The Volkswagen group of West Germany, which includes Audi and SEAT, and the Fiat group of Italy, which includes Lancia, Alfa Romeo and Ferrari, are still locked in a tense battle for the leadership of the European car market.

Industry estimates suggest that, at the end of November, the VW group had edged into a tiny lead. The two car-makers were separated only by about 2,000 units in a total market of 1.26m, however, and each captured some 14.8 per cent of total European new car sales.

The two groups' internal estimates are contradictory. The Italian group's market survey indicates that it was still narrowly holding the lead it had established in the early months of the year, while VW's estimates give itself a marginal

WEST EUROPEAN NEW CAR REGISTRATIONS January-November 1989

	Volume (Units)	Volume Change (%)	Share (%) Jan-Nov 89	Share (%) Jan-Nov 88
TOTAL MARKET	12,621,000	+4.8	100.0	100.0
MANUFACTURERS:				
Volkswagen (incl. Audi and SEAT)	1,871,000	+5.6	14.8	14.7
Fiat (incl. Lancia & Alfa Romeo)	1,868,000	+5.6	14.8	14.7
Peugeot (including Citroën)	1,613,000	+4.8	12.8	12.9
Ford	1,472,000	+7.2	11.7	11.4
General Motors (Opel, Vauxhall)	1,387,000	+10.5	11.0	10.4
Renault	1,201,000	+8.0	10.3	10.0
Rover	881,000	-7.4	7.1	7.5
Mercedes-Benz	402,000	-3.1	3.2	3.4
Nissan	377,000	+4.1	3.0	3.0
BMW	357,000	+7.8	2.8	2.8
Toyota	324,000	-2.6	2.6	2.6
Volvo	248,000	+1.0	2.0	2.0
Total Japanese	1,372,000	+0.0	10.9	11.4
MARKETS:				
West Germany	2,620,000	+1.4	20.8	21.5
Italy	2,215,000	+8.7	17.6	16.9
United Kingdom	2,214,000	+4.3	17.5	17.8
France	2,118,000	+8.0	16.8	16.3
Spain	1,036,000	+8.6	8.2	8.1

Source: Industry estimates

advantage. The balance could be tipped in Fiat's favour next year, when it assumes effective control of the Maserati and Innocenti marques.

The UK Rover group and Mercedes-Benz of West Germany have been the main losers in 1989, although

volume car maker in Europe this year, with a 10.5 per cent jump in sales to capture an estimated 11 per cent of the market.

The UK Rover group and Mercedes-Benz of West Germany have been the main losers in 1989, although volume car maker in Europe this year, with a 10.5 per cent jump in sales to capture an estimated 11 per cent of the market.

Mercedes-Benz has begun to regain some lost ground in the final quarter of the year.

Overall European new car sales in November were lower than a year earlier in five markets - the UK, Spain, Sweden, Finland and Portugal - but there are preliminary signs that the steep and prolonged recession in the Danish and Norwegian markets is over.

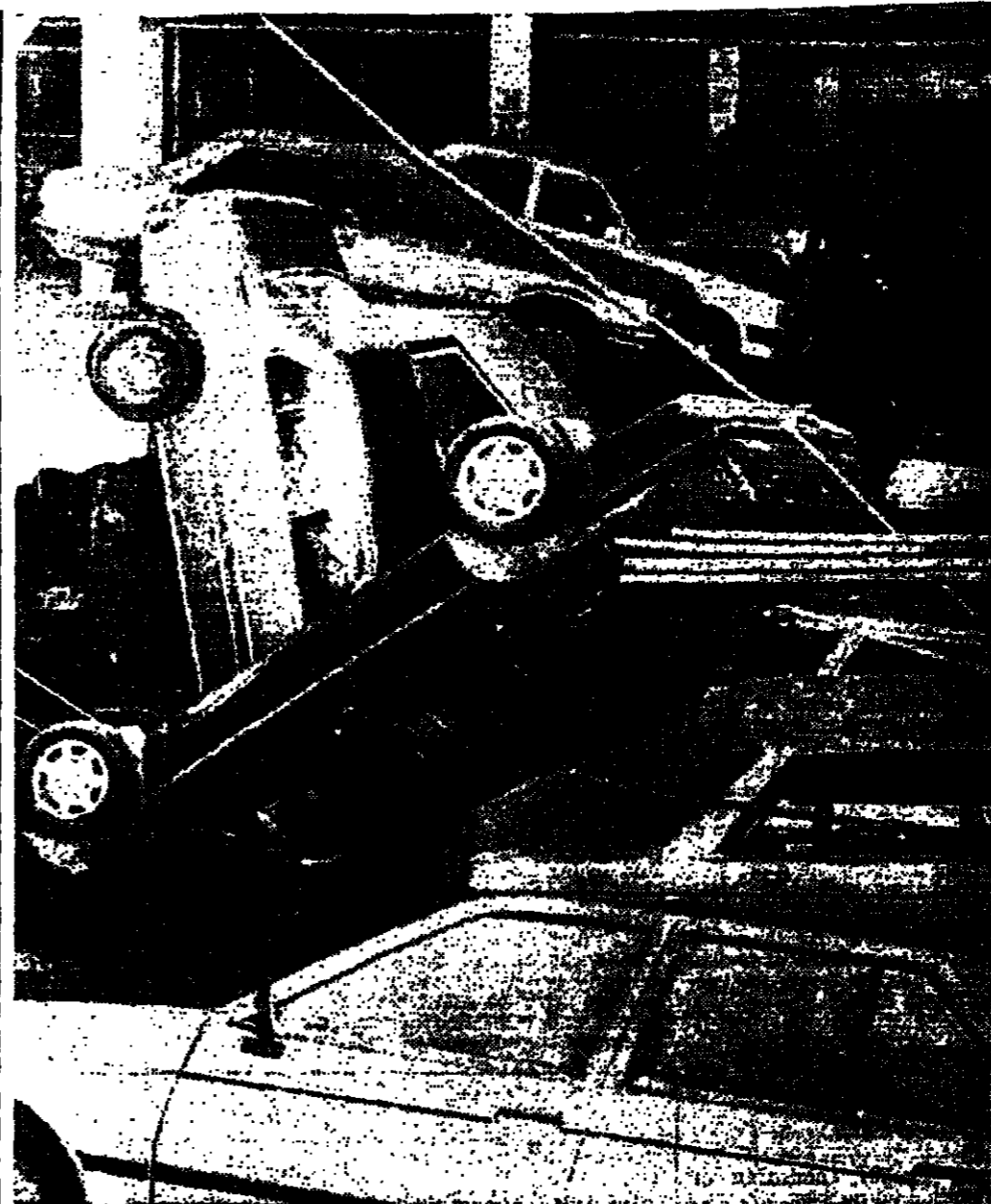
For the first 11 months, sales were higher than a year earlier in 12 markets, with falls in only five countries - Sweden, Denmark, Norway, Finland and Portugal.

European car production is set to total a record 13.6m in 1989, following a fifth successive increase, according to a forecast released by Automotive Industry Data (AID), the authoritative UK-based automotive analyst.

According to AID, output in the first nine months of the year was 6.5 per cent higher than a year earlier, at 10.1m units. For the full year, output is forecast to show a jump of 4.9 per cent, with many European car plants working at full capacity.

In the first nine months, car output in West Germany, the leading European vehicle-producing country, was 5.1 per cent higher than a year earlier, according to AID.

French car production rose by 5.7 per cent, output in Italy was 6.8 per cent higher, while car production in the UK rose by 11.6 per cent, and in Spain by an estimated 9.6 per cent.



Cars overturned and crushed in the car park of the Workers' Club in Newcastle, north of Sydney, where an earthquake killed at least 11. Rescuers searching the rubble of the club fear the toll may reach 50, mostly pensioners at a bingo session. More than 100 have been injured.

Deputy PM resignation causes crisis in Thailand

By Peter Ungphakorn in Bangkok

THAILAND'S government has been plunged into crisis by the resignation of Mr Bhisal Sattakul, Deputy Prime Minister and leader of the Democrats, the coalition's third largest party.

The immediate cause of Mr Bhisal's anger was the controversial appointment of a new city clerk for Bangkok to oversee elections for the local government and city council on January 7.

These have taken on increasing importance for several government and opposition parties.

Ministers from all five coalition parties sought yesterday to minimise the damage by insisting that the Democrats are still in the government. Mr Bhisal said he acted for "personal" reasons. He asked to remain leader of his party, which would avoid a bitter leadership struggle.

General Chatthol Choonhavan, Prime Minister, went yesterday in consultations with advisers, leading members of his Chat Thai party and the army commander.

Much depends on a meeting of the Democrat party today. Personal rivalries plague the party, but a compromise candidate Deputy Prime Minister, Mr Marut Bunnag, said yesterday he would be willing to accept the post.

Several Democrat ministers have also indicated willingness to head the Prime Minister's appeal that they remain in the coalition.

Few want to face a general election only 16 months after the last one, in which much money was spent campaigning and vote-buying. The opposition parties are wary of joining what they see as a possible sinking ship.

The appointment of a new city clerk has been the subject of wrangling for more than a year between the elected governor, Maj-Gen Chamlong Srimuang, and the Interior Minister, Police General Pramarn Chuanbua. Mr Chuanbua had his preferred candidate.

Maj-Gen Chamlong's four-year term expired in November, leaving the minister free to promote his candidate. The cabinet agreed with the appointment on December 12 but the Democrats dissented, arguing that the Interior Ministry should no longer have the right to create an elected governor.

On Wednesday, Mr Bhisal tried to persuade the cabinet to reverse the decision but faced strong opposition even from some party colleagues who did not want the cabinet to appear indecisive.

Maj-Gen Chamlong who became Bangkok governor through a landslide victory in 1985 is a member of the opposition Palang Dharma party which rejects Buddhism and other faiths.

If he is re-elected to office on January 7, Bangkok voters will have repeated their objection to more materialistic politics. It would be a setback for the Chat Thai and Democrat parties.

After a year of popularity, the Prime Minister has in recent weeks faced a number of coalition partners including a row with Air Chief Marshal Siddhi Savetida, Foreign Minister and leader of the Social Action Party, over Indochina policy.

The Chat Thai Finance Minister, Mr Pramual Sathavanan, also embarrassed the Prime Minister by threatening to resign if asked to raise interest rates to curb inflation, an issue that remains unsettled.

Tokyo faces up to rubbish mountain

By Michiyo Nakamoto in Tokyo

TOKYO will be swamped with rubbish within a few years unless immediate measures are taken to contain the outflow, government officials believe.

This month the problem of mounting waste will be evident throughout the city with people throwing out layers of decorative wrapping used to dress up gifts into bigger and fancier packages for the year-end gift-giving season.

But unless measures are taken, the greater Tokyo area will face between 2.6m and 2.9m tonnes of rubbish in excess of its disposal capacity by the year 1995, according to a study by Japan's Ministry of Health and Welfare. The amount is estimated to rise to between 3.2m and 3.4m tonnes in 2005.

Tokyo's rubbish has been increasing at an average annual rate of 6 per cent since 1985, growing to 4.8m tonnes last year. The amount far exceeded incineration capacity so that last year 20 per cent of burnable waste had to be buried in reclaimed land.

The city's central rubbish tip is also expected to reach saturation point in three to four years. Tokyo has long reclaimed land by filling its shores with rubbish but this too is reaching its limit.

The situation has prompted the Tokyo Metropolitan Government into a decision to spend ¥530m on a 10-month public awareness campaign launched this summer. Even the Ministry of International Trade and Industry (MITI) has been brought in to encourage industry, particularly the paper industry, to help in stemming the rubbish overflow.

Dependence on office automation has grown at an alarming rate in conjunction with Tokyo's rising importance as a major financial and information centre and the amount of paper waste generated by increasing office automation has been recognised as one of the main culprits behind the surge in waste.

Last year the production of copying paper jumped 68 per cent to 2,000 tonnes, while that of computer paper rose 25 per cent to 281,000 tonnes. According to a recent study, paper waste constituted about

35 per cent of Tokyo's rubbish last year.

The trade ministry recently enlisted the aid of paper manufacturers, distributors and paper collectors to suggest how to deal with growing paper waste, and how to recycle high quality paper.

Office automation paper - specifically copying paper, facsimile paper and computer paper - is more difficult to recycle than ordinary grades. While the overall waste paper recovery rate is as high as 50 per cent, recovering and reusing high quality paper is a difficult process.

The main problem is collection. There is a highly developed system in Japan for collecting old newspapers and magazines through which housewives swap these papers for rolls of toilet paper or packets of tissues from a collector.

However, there is no such system for used office automation paper, which normally gets thrown away with the rest of the office waste.

But even more troublesome is the widespread practice of shredding documents, which

makes it difficult to recycle paper. Facsimile paper, moreover, is designed to turn black when heat is applied so that in the process of recycling, when heat is applied, it becomes unusable.

Some public institutions have begun collecting their own used office automation paper - Japan's leading paper companies and some office automation hardware manufacturers have started producing recycled paper. However, the amount of recycled paper that is produced is still too small to be economical.

The cost of the recycled product is almost as high as that of new paper, and the lower quality of recycled paper means that its uses tend to be limited.

Government officials believe that social consciousness will be the key to stemming the rising tide of paper waste. A tonne of used paper is equivalent to about 20 cubic metres of trees, according to the Paper Recycling Promotion Centre. These days, Japanese people are increasingly sensitive about the destruction of trees.

Private Sector Energy Development Fund (PSEDF) to encourage local private sector involvement in power development. It is using Pakistan as a test bed for the PSEDF and has set up a low-interest, long-term fund of \$300m to attract such private investment in the Hab River project.

A novel part of the project is that it is being undertaken on a build-operate-transfer (BOT) basis under which the managing company, the Hab River Power Project Group, will own the power plant complex and derive earnings from it for 23 years. Some \$20m in additional equity will come from the private sector with the balance of financing from commercial loans.

The earnings will be based on the price at which the project sells that electricity to the Water and Power Development Authority. That price is calculated at 103.6 paise (3 pence) per kilowatt hour (kWh) at present, with escalator clauses built in. The Pakistani authorities wanted a lower price, but the World Bank and the consortium members said a lower rate would be unworkable in the long-term. After 23 years the project would be sold back to Pakistan for a nominal fee.

The sponsor of the project is the Hab River Power Project Group, an umbrella company set up by Hawker Siddeley and Keneil Industries of Saudi Arabia.

Frank Gray is Editor of Power in Asia, a Financial Times energy newsletter.

India to pull-out 'by end-March'

By K.K. Sharma in New Delhi

THE Indian Government announced yesterday that the withdrawal of its troops from Sri Lanka would be completed by the end of March - three months after the deadline set by Sri Lankan President Basinghe Premadasa.

The Indian Government announced yesterday that the total withdrawal of troops from Sri Lanka will be possible only by the end of March 1990, and sought talks with officials from the island.

The announcement, made to parliament by Mr L.K. Gujral, Minister for External Affairs in the new Government, means in effect that the deadline of December 31 for completing the withdrawal set by Mr R. Premadasa, Sri Lanka's President, will not be met.

Mr Gujral said that by December 31 Indian troops will have been withdrawn from six of the eight districts of the north-eastern province of Sri Lanka, where they were deployed under an agreement between Mr Rajiv Gandhi, then Indian premier, and then President J.R. Jayewardene of Sri Lanka.

Officials said the delay was mainly due to logistical problems in the withdrawal of the remaining 26,000 troops. Most of these were in and around Jaffna and Trincomalee ports, where facilities were inadequate for returning all the Indian troops and their equipment.

Although they are not linking the withdrawal with the question of security of all groups of Tamils in the north-eastern province, they acknowledge that this remains a matter of serious concern, especially after the renewal of fighting among rival factions.

Japanese in Soviet machine tool venture

By Robert Thomson in Tokyo

A SOVIET company and two Japanese companies, Fancic and Mitsui & Co, have agreed to establish a joint venture company to promote the sale and servicing in the Soviet Union of numerical control (NC) equipment for machine tools.

Fancic is the world's largest manufacturer of NC equipment, used for the automatic direction of tools in the precision cutting and marking of workpieces, and the joint venture is the first of its kind with the Soviet Union involving this sophisticated equipment.

Mitsui & Co, the trading house, and Fancic will each have a 25 per cent share of the joint venture, while the Moscow-based Stanko Service, a state company representing the machine tool industry, will take a 50 per cent stake in Stanko-Fancic Service Ltd, which is to have a starting capital of ¥100m.

Mitsui said that Fancic was approached by Soviet officials seeking expertise to improve the efficiency of the country's machine tool industry. He said the deal was likely to bring a significant increase in Fancic exports to the Soviet Union, where the exported machines will be serviced by the new company.

Exports of sophisticated NC equipment to the Soviet Union fall within the control of CoCom, but Fancic said the joint venture deal did not need the approval of CoCom or Japan's Ministry of International Trade and Industry (MITI). He said that MITI or CoCom approval might be sought in some cases.

The joint venture agreement also provides for the manufacture of plastic products, such as lids, zippers, and automobile dashboards, using injection moulding machines, of which Fancic is also a prominent maker. Stanko will provide a president and vice-president while a Fancic official will be chairman.

MANILA stock sale panic

PANIC selling swept the main Philippine stock exchange yesterday after a senior general had warned there could be a new coup attempt against President Corason Aquino next month, AP reports from Manila.

Share prices on the Manila Stock Exchange opened 15.45 points lower. After government institutions had bought shares to stem the decline, the composite index closed at 1,104.50, which was 10.72 points below the Wednesday close.

Dealers blamed the decline on a statement by Maj-Gen Ramon Montano, chief of the Philippine Constabulary, that a new coup might be launched after January 17.

He warned that this might be launched by renegade leaders of the December attempt, in which 113 people were killed and more than 500 wounded.

Many of the ringleaders of the failed coup, including former Lt-Col Gregorio "Gringo" Honasan, remain at large.

Also yesterday, an air force general detained after the coup attempt early this month denied he was part of a conspiracy and claimed he had seized a central Philippine air base to protect Mrs Aquino's government.

Threadbare time for textiles

By Alice Rawsthorn

THE WORLD textile trade experienced a period of consolidation in the third quarter of 1989, according to the International Textile Manufacturers Institute in Zurich.

Some countries, such as Spain, Belgium and Pakistan, benefited from buoyant demand in the third quarter. But most of the international textile industry faced a static market and, in some countries, a decline in demand.

The Spanish textile industry saw output rise significantly in both spinning and weaving. The level of Spanish fabric production rose by 44 per cent in the third quarter compared to the same period in 1988. Companies in Spain also recorded healthy increases in orders for both yarn and fabrics.

The Belgian and Pakistani textile industries also saw output increase in both the spinning and weaving sectors.

By contrast UK spinners suffered severely. They were hit by a 21 per cent fall in the level of yarn output, and a fall in spinning orders.

Despite the relatively sluggish state of demand many countries managed to reduce the level of yarn and fabric stocks. Stocks rose in the spinning sectors in Japan, South Korea and Taiwan, all of which have been hit by rising labour costs. Similarly fabric stocks increased in both the UK and South Korea.

The international textile industry faces an uncertain future. The Multi-Fibre Arrangement (MFA), the bilateral agreement that regulates the world trade in textiles, is expected to be phased-out when it expires by the end of 1991.

The US Administration recently confirmed that it anticipated significant changes in the framework of the world textile trade. The European Commission has been committed to the phasing-out of the MFA for some time. The heads of the largest European textile groups recently met in Brussels to consider their response to the end of the arrangement.

Pakistan in \$1bn power plant deal

By Frank Gray

AN INTERNATIONAL power plant consortium, involving Hawker Siddeley Power Engineering of the UK, has won a \$1.07bn deal to supply a 1,900 MW oil-fired power station complex to Pakistan.

The consortium will build four 323 MW power plants at the Hab River in Belochistan province west of Karachi. The first unit would be commissioned by January, 1993, with all four installed by the following December. The power plant would boost the power-starved country's capacity by 20 per cent.

The project agreement represents a breakthrough for the World Bank as it is the first time the institution has been able to put together a power sector package using its special

programme, including the construction of a container terminal, must fervently be hoping that the socialists do succeed.

That way, he should stand some chance of getting back the job from which he was ousted in the summer - and of being in on the act if perestroika in the Balkans brings a surge in trade with Greece's neighbours there.

Also, at Intracom, the private company often cited as a showpiece of Greek telecommunications equipment and electronics, executives green at the thought of the sweeping changes in the ranks of their main customer - the state telephone authority Ote - that any change of political guard is bound to bring.

At a humbler level, clerks and teachers anxious for a transfer, mothers worried about their sons' treatment in the army, and would-be postmen and customs officials are waiting anxiously for a clear election result so they know where to turn for personal favours.

If Italy's unique contribution to European political science is multi-party patronage - the careful division of jobs and favours among an array of political parties - that of Greece might be called the alternating one-party state.

The patronage of the ruling party's disposal - and the tangle it seeks to exercise over social organisations (professional bodies, trade unions, even football teams) - are broadly comparable with the privileges enjoyed by communist parties in much of eastern Europe until a few weeks ago.

But governments in Greece accept the idea of surrendering power, as happened in 1981, when Mr Andreas Papandreu became Greece's first Socialist Prime Minister, and this year when he was ousted.

As a system, alternating one-party rule has its drawbacks: up to half the population feels cut off from patronage at any given time, and this is in a country whose brightest sons have been driven away by lack of intellectual and professional opportunities, and by a perception that corruption will always be better rewarded than merit.

However, the last six months have shown that there is one thing worse than one-party rule, and that is no party rule. Only two years ago, Greeks were voicing an optimism about the future that had not been heard since the early 1960s.

In financial services, for example, it seemed only a question of time before Greece transformed itself from a closed fiefdom, where the rich were continually forced into

subterfuge, into an extension of western Europe.

The central bank attracted a flood of foreign money to the country by liberalising interest rates and making capital inflows reversible.

It seemed only a matter of time before objections from the EC brought an end to restrictive practices - such as the insistence by state-owned banks that corporate clients use the banks' poorly-managed insurance subsidiaries, or the state decreasing absurdly low premiums for motor insurance.

The last six months, though, have shown that even deregulation requires stability; for government to get out of the way, there has to be a government. Because of political uncertainty, Athens has had to ask the EC for a year's delay in the liberalisation, due at the end of 1989, of outward capital movements.

Plans to promote currency trading - including the establishment of a forward market in foreign exchange - have also been delayed: the dangers of a run on the drachma, or a surge in interest rates are too great.

It is this kind of thing that prompts Mr Stelios Argyros, president of SEB, the industrialists' association, to comment that the failure of the political system has become

with more obvious items such as poor communications and inadequate schools - a structural barrier to progress.

Not that he is against democracy; on the contrary, he is worried about the decline in the democratic state's legitimacy - reflected in a burgeoning black market, which makes tax-collection and economic fine-tuning difficult - and about the "fascism" of some politicians' rabble-rousing rhetoric.

Political stalemate leaves Greek economy in deep freeze

After two indecisive elections, the people of Greece are finding no-party government worse than one-party government

AS NATIONS to its north enter the 1990s in a state of breathless excitement over their new freedom, the new decade finds Greece in a bizarre state of suspended animation.

From the economy's commanding heights to village schools or police stations, the absence of a long-term government has paralysed decision-making and arrested progress at a time when other European states are galloping ahead.

Mr Aikis Georgopoulos, president of the state oil refinery EKO, is wondering whether the long-mooted Drs 70bn (£280m) expansion of its petrochemicals unit will ever proceed.

All he needs is a ministerial nod and Drs 60n in seed money. But no decision on such long-term matters could be expected, either from the 30-day coalition of conservatives and communists which appointed him last summer, or the all-party government which has just been patched together because, for the second time in six months, an election produced a stalemate.

In any case, on past practice, Mr Georgopoulos is unlikely - as a conservative nominee - to keep his job if the forthcoming elections yield a socialist government.

Mr Panayotis Mamalis, who as president of Salonika's port authority oversaw a huge modernisation

programme, including the construction of a container terminal, must fervently be hoping that the socialists do succeed.

That way, he should stand some chance of getting back the job from which he was ousted in the summer - and of being in on the act if perestroika in the Balkans brings a surge in trade with Greece's neighbours there.

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UK NEWS

Wrangle over coal imports puts power station at risk

By Maurice Samuelson

THE SOUTH of Scotland Electricity Board last night threatened to close one of its large coal-fired power stations, after British Coal claimed victory against it in a long-running legal battle over coal supplies.

Judge Lord Dervard of the Scottish Court of Sessions in Edinburgh upheld British Coal's claim that its business with Cockenzie and Longannet power stations was governed by commercial contracts limiting SSEB's ability to switch to cheaper imports.

The ruling was hailed by miners' leaders anxious about more than 1,000 jobs at Longannet. Scotland's last underground mine, which supplies the adjoining power-station of the same name.

British Coal and SSEB, however, clashed immediately over their interpretation of the judge's ruling regarding Cockenzie, a 1,500MW power station, which burns 600,000 tonnes of coal per annum.

The judge ruled that the plant's fuel needs are covered by a 25-year contract until August, 1992, and that British

Coal could charge its full price. SSEB last night indicated that the contract could be enforced only if the station were kept open, adding that it would close if British Coal's deliveries were too dear.

British Coal had already dismissed this threat, claiming that it had a contract to supply Cockenzie "regardless of use."

On the 2,300MW Longannet station, the judge ruled that a commercial contract existed for all its fuel requirements, thereby effectively barring its use of imports. The contract does not cover current prices, and he offered to set a fair price after further hearings.

SSEB said it preferred to negotiate these directly with British Coal for the two power stations.

"We hope that these decisions will bring British Coal back to the negotiating table. The SSEB takes the view that the sensible way round these difficulties for Longannet and Cockenzie is to agree, as we argued all along, on a market-related price, such as we have offered to British Coal.

"This would allow these

major Scottish investments in generating plant to be operated to supply Scotland and export electricity to England and Wales. It would also secure the maximum market for Scottish Coal."

British Coal, however, saw no need for negotiations over Cockenzie's coal price, claiming it was up to the judge to enforce the contract in full. On Longannet, British Coal preferred to rely on the judge rather than to re-enter negotiations.

SSEB's tough stance stems from its claim that it can import coal at about half the price of local supplies. Last year, it imported about 500,000 tonnes and its coal stocks, at more than 3m tonnes, exceed a year's requirements.

With its large surplus of generating capacity, Scotland is also far less reliant on coal than the electricity industry south of the border. It may be able to dispense entirely with coal when the North of Scotland hydro board's Peterhead plant begins using gas from the North Sea's Miller field in the early 1990s.

IN BRIEF

Exxon and Shell boost Scottish job creation

A £10m investment in a large chemicals factory in Scotland has created twice as many jobs indirectly in the Scottish economy as at the plant itself, according to a new study.

The report, by economists at St Andrew's University in Scotland, analysed the effects on employment of a five-year-old chemicals complex at Mossburn, Fife, run jointly by Exxon of the US and the Anglo-Dutch Royal Dutch/Shell.

The researchers, led by Mr Stuart McDowell, say a total of 2,200 jobs have been produced in Scotland as a result of the investment.

B&C buyout halted

SHAREHOLDER opposition has forced Colonnade Development Capital, a small investment company with net assets of \$9.7m, to back away from its plan to buy British & Commonwealth Holdings' development capital arm.

Colonnade said yesterday the proposal would not be put forward at today's extraordinary general meeting. The B&C plan, which is part of the financial services group's effort to reduce borrowings by realising non-core investments, had drawn criticism from a number of institutions.

Ambulance action

AMBULANCE officers from two of London's divisions were last night being suspended by the London Ambulance Service for refusing to transfer to work at headquarters in Waterloo.

According to the London Ambulance Service management, 12 officers were being taken off the payroll from the north-west division and six from the north-east division.

Underground fire

A man died yesterday after he was engulfed in flames at a London Underground station. He suffered extensive burns at West Brompton station, west London.

The cause of the fire was being investigated.

London street litter threatens tourist trade

By David Churchill, Leisure Industries Correspondent

LONDON'S increasing street litter could damage its popularity with tourists, the London Tourist Board warns today.

A survey of 1,200 overseas visitors to the capital carried out this summer found that 47 per cent thought it was dirty or fairly dirty. Visitors from West Germany in particular thought it was a dirty city.

The LTB survey discovered that visitors were especially conscious of litter on the streets - seen as a problem by some 85 per cent.

The LTB says: "Underground stations were also considered by the majority to have a litter problem, as were the underground trains. But parks were considered to be the most litter free with the buses also less of a problem area."

The LTB said it conducted the survey because "London has been gaining a reputation for being a city which is not tackling the problem of litter as effectively as it should."

Tourist industry leaders are worried that if the situation persists, it could harm London as an international tourist destination in the 1990s.

Already, London's dirty



Streets of London: Litter proves a turn-off for tourists

streets have been partly blamed for the estimated fall in the number of visitors to London this year from other parts of the UK.

The number of overseas visitors, however, increased by an

estimated 4 per cent this year to 9.5m, with the tourists spending some £3.6bn.

According to the LTB survey, the Tower of London and the changing of the Guard ceremony at Buckingham Palace remain the most visited attractions for overseas visitors.

About three-quarters of those surveyed had visited or intended to visit Oxford Street and Piccadilly - the areas of London which have the worst litter problem.

The survey showed that the rejuvenated Docklands area is becoming a tourist attraction in its own right.

Also on the positive side, four out of five overseas visitors still rated Londoners as friendly or very friendly.

Overseas Visitor Survey, Development Department, LTB, 25 Grosvenor Gardens, London, SW1W 0DU, 120.

Guardian joins newspaper trend in offering individual contracts

THE Guardian newspaper plans to offer individual contracts to any of its 1,000 staff who want them - a policy that will run "from the chairman to the office boy."

The management of the liberal daily is the latest in the UK national newspaper industry to reassess the employment conditions of its journalists.

Associated Newspapers, publishers of the Daily Mail and the Mail on Sunday, have announced plans to de-recognition the National Union of Journalists and move all journalists to individual contracts.

The process of change at The Guardian is much more piecemeal and has been driven apparently by two factors - approaches to management by senior advertising executives and journalists asking

for their performance to be individually appraised and the need to stop poaching of Guardian journalists.

This year 19 senior Guardian journalists had serious approaches from other newspapers, primarily the Sunday Correspondent, The Observer and The Independent although only three of them left the City team who went to either the Independent or the Independent on Sunday.

Pay rises to those journalists who have signed individual contracts have ranged from 25,000 to 110,000.

The average salary of Guardian journalists is just over £28,000.

Although the policy change has not yet been formally spelled out, The Guardian management has decided that

the closed shop - full union membership - at the paper is over.

The paper will continue to recognise trade unions and staff who want to be covered by collective agreements will be free to do so but equally anyone wanting an individual contract can have one.

NUJ officials at the Guardian have accused management of introducing individual contracts behind their backs and warned the issue would be taken to the dispute procedure. A meeting between management and the NUJ chapel (branch) is expected next week.

The Guardian has pulled out of talks with the New Statesman and Society about a possible takeover because of the financial position of the political weekly.

Independent body to rule on disputed exam results

By Richard Donkin

SCHOOL examination candidates in England and Wales are to be given an independent appeals tribunal to deal with disputed results in the GCSE, Advanced level and Advanced Supplementary level exams.

Mr John MacGregor, the Education Secretary, confirmed the decision in a letter to the School Examinations and Assessment Council, the advisory body on education matters which recommended the move. He asked for the results of public consultations and detailed recommendations to be submitted by April.

The aim is to provide an independent last resort for pupils, parents or schools challenging GCSE and A/AS level examination results.

The tribunal would not re-mark exam papers but could instruct an examining body to reconsider a particular case.

Replying to a letter from Mr Philip Halsey, the SEAC's chairman, Mr MacGregor said: "The opportunity to refer disputed cases to the scrutiny of an independent tribunal should provide an additional



MacGregor: confirmed appeals

assurance of fair dealing and strengthen public confidence in public examinations."

He said relatively few grading decisions were challenged and most disputes were resolved by the six examining bodies' own appeal arrangements. "In a small number of cases the bodies' own procedures have not resolved matters and pupils, parents and schools have been left with a sense of injustice," he said.

Report highlights exodus of teachers from schools

By Richard Donkin

TEACHERS are moving from London and the south east for better life styles in the north and the west of England, leaving behind them severe classroom shortages, according to a new report by the department of education at Manchester University.

Prof Alan Smithers, director of the two year research programme of 417 secondary schools from 10 local authorities across England and Wales, said high house prices in the south east and London had led many teachers to move north.

"Teaching is a fairly mobile profession. Many teachers are trying to cash in their houses in the south to enjoy a better life style in the north. They can buy a bigger house and release some of the capital as cash," he said.

The report said that 64 per cent of the posts advertised in the south east receive less than three applications while in the south west 87 per cent of posts have more than three applicants and in the north 52 per cent of advertised jobs get more than 10 applications.

Prof Smithers said: "In London, the south east and the West Midlands you have a higher resignation rate than in the north. There are also fewer people coming forward to fill vacant jobs."

Teacher resignation and retirement rates drawn from local authority statistics show increases in London, the South East and West Midlands between 1987 and 1988. The London rate rose nearly four per cent in the two years from 13.6 per cent to 17.2 per cent.

During the same period, however, resignations and retirements slowed down in the south west, the north west, the north and Wales.

"The number of applications for jobs in the north and west would suggest that the quality of teachers is rising in those regions," said Prof Smithers.

The report, which highlights the different emphasis placed upon teacher wage by the Department of Education which, during pay negotiations, usually refers to the 1 per cent of teachers who leave annually for other paid employment.

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DAI-ICHI KANGYO BANK

DKB ECONOMIC REPORT

December 1989: Vol. 19, No. 12

Great Expectations from Recovery in Personal Consumption

While the Japanese economy continued its expansion this year, three new factors have come into play, changing the face of the economy.

More business indicators now show a slower rate of increase (see chart). Growth in industrial production peaked in the January-March period and then stayed almost level for the next half year. The slowdown affected employment. Beginning late last year, growth in overtime working hours gradually diminished, and growth during the July-September period was actually down 0.2% from the same period last year.

A growth in import volume, on a year-to-year basis, has been moderate, falling from the 16.7% increase posted last year, to 7.1% during the first half of the current year, and 7.6% for the July-September period.

The slowdown in supply-side growth is due partly to bottlenecks like the labor shortage, but the major cause is believed to be a slowdown in the growth of demand, particularly in the area of personal consumption. According to a survey, spending growth per household has been slowing since April.

Export growth and other demand indicators have also been slowing. The only exception to this trend is capital investment: capital goods shipments increased on a year-to-year basis by 8.1% during April-June, and by 6.4% during July-September. This sector is leading the economic expansion with steady growth.

Business confidence remains high. Although the numbers show that economic expansion has slowed this year, companies are still optimistic over economic trends. According to the "Short-Term Survey of Principal Enterprises" conducted by the Bank of Japan in August, the diffusion index assessing business performance in the manufacturing sector maintained a record high level in August, as did the estimate for December.

Corporate profits remain high, and this is taken as the main reason why companies stay optimistic over economic trends. In the manufacturing industry, the ratio of current profits to sales stood at 5.60% during the first half, and 5.54% during the latter half of fiscal 1989. This is close to the value calculated for the second half of fiscal 1988, when the economy grew at its biggest rate during this recent period of brisk expansion.

Other factors contributing to corporate optimism include continued increases in capacity utilization, and the continuing labor shortage.

Upward pressures on prices increasing. The second striking difference in the Japanese economy between 1988 and 1989 is the rise in prices. Wholesale and consumer prices have both been rising at an increasingly rapid pace since the beginning of the year.

Although the rise since April was caused partly by the consumption tax introduction, both wholesale and consumer prices posted a year-to-year gain of about 3% respectively. Even when the new tax is discounted, prices remain clearly higher. Three factors are at work in the background. First, the supply/demand relationship has tightened for both products and labor during the full three consecutive years of economic expansion in November. Second, the yen has dropped against the dollar, pushing up import costs and weakening the ability of imports to ease tightness in the supply-demand situation. Third, oil prices are up this year.

Went yen and tighter monetary policy. The third major change in the Japanese economy this year comes from the weakening of the yen and the tightening of monetary policy.

The yen/dollar exchange rate has hovered lower since it peaked at ¥120 to the dollar last November. The 1989 average exchange rate is certain to end lower than the previous year for the first time since 1984. There are two reasons for this drop. First, successful U.S. moves to improve its trade imbalance, slow down economic activity and control inflation have been given high marks. Second, investments in dollar-denominated securities have increased as the correlation grows that U.S. interest rates—still much higher than rates in West Germany and Japan—will come down in the future.

Depreciation of the yen against the dollar and upward pressure on prices combined to produce a major change in the monetary situation. Japanese monetary authorities implemented a policy of restraint, raising the official discount rate by 0.75 percentage points on May 31, and again by 0.5 percentage points on October 11. In addition, the central bank restricted lending to commercial banks beginning in July-September.

The financial markets reacted swiftly to these policy changes, and interest rates—especially short-term market rates—shot up. However, because corporations have sufficient cash flows, the tightening policy appears to have had a limited effect so far.

Future depends on recovery in personal consumption. What will the economy be like from now through to next year? Judging from current economic performance, the macroeconomy will recover gradually from a standing start.

This prediction rests on the assumption that personal consumption has the potential to give thrust to economic expansion. Two factors put a temporary leash on personal consumption: slow income growth and higher prices. However, year-end bonus income is expected to increase thanks to good corporate performances this year and the ongoing labor shortage. And consumer prices, after climbing at a high rate following the introduction of the consumption tax in April, leveled off during the latter half of the year. These trends suggest that personal consumption will expand during the last months of 1989 and the early part of 1990.

With a recovery in personal consumption and continued brisk capital investments, the Japanese economy is likely to keep expanding for some time to come.

Slower Growth in Production and Employment

Note: The line graph shows percent of growth over the same period last year. The bar graph shows the industrial production index (1985=100; seasonally adjusted). Source: Ministry of International Trade and Industry, Ministry of Labor.

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The next DKB monthly report will appear Jan. 26, 1990.

SPAIN

The Financial Times proposes to publish a Survey on the above on 19th February 1990.

For a full editorial synopsis and advertisement details, please contact:

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWS

UK NEWS

Labour offers to bring in North Sea tax incentives

By John Mason and Maurice Samuelson

A LABOUR government would introduce a more flexible tax policy to encourage further development of North Sea oil fields, Mr Frank Doran, the oil and gas spokesman, said yesterday.

MR DORAN'S call for the Government to take a lead on energy efficiency was echoed by the Association for the Conservation of Energy.

The association said it would reduce atmospheric damage caused by carbon gas.

Mr Doran, MP for Aberdeen South, was speaking at a Westminster press conference at which Mr Frank Dobson, the shadow Energy Secretary, attacked the Government for failing to manage North Sea oil reserves properly in the past.

Mr Doran said it was too late to operate a traditional depletion policy, now that oil reserves in the North Sea were running down.

A Labour government would introduce more effective and flexible tax measures - possibly offering the oil industry incentives to develop economically marginal fields.

Mr Dobson said Britain would enter the 1990s as a net importer of fuel, after being self-sufficient in the 1980s.

Figures acquired from parliamentary questions showed that Britain had a total fuel trade deficit of 15.4m tonnes in the first 10 months of 1989, which gave a projected deficit of 18.5m tonnes for the whole year.

The January-to-October figures showed exports of 83.8m tonnes of oil and 1.6m tonnes of coal. Coal imports totalled 8.5m tonnes, gas imports 12.4m tonnes, and oil imports 48.5m tonnes.

In money terms at 1985 prices, the value of the energy surplus had declined from 25.42bn in 1986 to 27bn for the first 10 months of this year.

However, the surplus was turned into a deficit when 19.5m tonnes of oil were imported from France.

Mr Dobson said that instead



Frank Doran: too late to operate a depletion policy

of operating a proper depletion policy to manage oil and natural gas resources over the long term, the Government had squandered them.

Britain, having once been the envy of Europe, had forfeited its self-sufficiency in fuel through a "get-rich-quick" policy, he said.

Failure to build a gas-gathering pipeline had meant that 50m tonnes of natural gas had been flared off in the last decade - with Britain last

Quoting a Department of Energy study submitted to the United Nations, it said Britain could halve fuel use in the 1990s and cut it by 60 per cent in 15 years, but only if "far more attention is paid to the need to conserve energy."

The change arises in a development called the New Management Strategy or NMS, in its MoD abbreviation.

A new system of "budget holders" or personnel down the line with their own budgets goes live in 15 months' time.

The change is viewed with enthusiasm in some quarters and scepticism in others.

Officials say the reforms planned go further than any undertaken in the US or any other North Atlantic Treaty Organisation country.

President set in other high-spending government departments that are undergoing reform will not necessarily hold true in defence. The planners have had to face the question: how can the idea of autonomy from central control be reconciled with the chain of military command?

Change was mooted when the MoD was reorganised in 1984. The idea then was, first, to strengthen the central organisation with a unified Defence Staff and centralised defence planning; and, second, to delegate management tasks.

The first step was taken, but not much of the second.

By adopting the Government-wide Next Steps strategy (setting up independently accountable agencies for executive functions) the MoD hopes to have found the way to improve efficiency and release resources in a period when defence funding is likely to become tighter.

It is already committed to a 2.5 per cent annual target for

Industry's biggest client learns to budget

David White describes MoD plans for imposing accountability on the armed services

SENIOR military officers are being submitted to a new set of skills in what one administrator describes as "a Gorbachevian revolution from the top."

British industry's biggest single customer, the Ministry of Defence, which has a full-time payroll of 500,000 people and an annual budget of more than £20bn, is bracing itself for a devolution of financial responsibilities.

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RAF mechanics at RAF schools will now have to cost maintenance and repair jobs

efficiency improvement. That means achieving the same output for 2.5 per cent less, or doing 2.5 per cent more for the same money, or a mixture of the two.

Yet it has also concocted its own less independent version of this model - Defence Support Agencies.

Each of these support activities "embedded" in the command chain will have its own framework document setting out its aims, targets and conditions, how it relates to the rest of the department and to whom it is accountable.

Five "fairly definite" candidates have been chosen to try out the new system, starting next April with the Navy's Hydrographic Office. The others - including RAF Training and Defence Accounts - are due to follow in 1991.

A further tranche has already been drawn up, ranging from the Chemical Defence Establishment at Porton Down to the Portsmouth Developmental naval bases and from the Royal College of Defence Studies to RAF maintenance.

All would operate in a manner relatively free from central control.

Research Agency out of four of its research establishments and giving the Meteorological Office similar status with effect from next April.

Yet it has also concocted its own less independent version of this model - Defence Support Agencies.

Each of these support activities "embedded" in the command chain will have its own framework document setting out its aims, targets and conditions, how it relates to the rest of the department and to whom it is accountable.

Five "fairly definite" candidates have been chosen to try out the new system, starting next April with the Navy's Hydrographic Office. The others - including RAF Training and Defence Accounts - are due to follow in 1991.

A further tranche has already been drawn up, ranging from the Chemical Defence Establishment at Porton Down to the Portsmouth Developmental naval bases and from the Royal College of Defence Studies to RAF maintenance.

All would operate in a manner relatively free from central control.

Throughout the system, including the front line, the ministry has identified separate budget areas. Units will have cash allocations covering all of those and commanders will be able to exercise their own discretion, instead of simply receiving controlled inputs - manpower, fuel, maintenance and so on.

The main front-line and support commands, together with central MoD activities ranging from procurement to intelligence, will have "top-level budgets." Examples of such budget holders would be the Commander-in-Chief of the British Army of the Rhine, the MoD's Scientific Adviser, or the Chief of Fleet Support.

Below that stretches a hierarchy of budgets. For instance, the Army's Quartermaster-General, with a top-level budget, will sub-allocate to "higher-level budgets" such as the Director of General Ordnance Services.

Further down the line will be unit budgets, or "executive responsibility budgets," also known as ERBs. About 200 of these are planned for depots,

training units and hospitals.

On the military operations side, however, the process starts short of this. Unit budgets for fighting formations are for "labor" and responsibility is unlikely to go below the level of a full colonel or a group captain.

For instance, an individual ship would not merit a separate budget, but a flotilla might. So might an RAF front-line squadron, although officials emphasise that that depends on having the accountants and computers to do it.

"They admit that working out how to attribute costs will be a real headache" in, for example, Northern Ireland, where battalions succeed each other in regular rotations. Each soldier is paid from the army pay computer and the costs will have to be allocated to whichever budget unit he is in at any one time.

Higher-level budgets will be "full-cost", including research expenditure such as depreciation. Yet equipment purchases - amounting to 28m a year - are not counted in the delegated budgets.

An army commander does not have to put money on the table for his Land Rover.

The planners decided that introducing internal trading between units was too complex for the present and would require a massive systems development.

Another question left for the future is whether budget holders within the system should have more flexibility on pay and grading arrangements.

Defence officials believe they will have enough difficulty in setting a tight series of objectives for the different units and achieving consistency. The risk, they argue, is a "no longer" responsibility of a small group under tight central control, will go away.

"If we cannot keep track of the cash," says one, "there is real trouble."

NEWS IN BRIEF

Recession in 1990 is 'not inevitable'

A RECESSION in 1990 is not inevitable although the new year might get off to a difficult start, Mr Charles Winter, group chief executive of the Royal Bank of Scotland Group, said yesterday.

The Scottish economy and those of the north of England and Wales could certainly have done with lower levels of interest to stimulate a growth and assist in industrial regeneration, he said. "But I am afraid that we shall have to accept the present higher levels for some months ahead."

There were signs that the credit squeeze was having the desired effect, he added in a new year statement.

Iranian charged

AN IRANIAN student was yesterday remanded in custody until January 4 on suspicion of connection with an arson attack on Dillon's Bookshop in London, on April 9.

Mr Mehdi Kohaki, 33, of Choriton on Medlock, Manchester was charged at Lambeth Magistrate's Court with causing a fire at the shop, and also with conspiring to cause an explosion.

Chemical clean-up

FIREMEN were yesterday beginning to clean up more than 100 drums of chemicals which had been washed ashore on the Isle of Wight.

It is thought the five-gallon drums, some believed to contain xylene, a paint additive which is a skin irritant, and which has been washed along the English Channel in storms after the cargo ship, *Murree*, sank off the Devon coast six weeks ago.

Court TV extended

A FURTHER seven Crown court centres in England are to be equipped to take televised evidence from child witnesses in child abuse and assault cases.

The seven additional centres to receive the equipment are Bristol, Cardiff, Newcastle upon Tyne, Northampton, Norwich, Stafford and Tessaide.

Flu kills 472

BRITAIN'S influenza outbreak killed 472 people as it reached its peak in the week ended December 18, compared with 102 the previous week.

Famine relief of £1m

THE UK is to give a further £1m to famine relief in Ethiopia, bringing the UK's total to £28.5m.

EC storm victim aid

THE European Commission has allocated £20,000 in emergency aid for people in the UK who suffered as a result of the storms earlier this month.

Gould warns of national 'relegation'

MR BRYAN GOULD, the shadow Environment Secretary, said in a new year message to his constituents that Britain was ending the 1980s in danger of being relegated to the "third division of world powers."

Mr Gould claimed that economic weakness meant that Britain would soon drop out of the ranks of the world's leading economies, entering the next decade under-invested, badly trained and ill equipped to compete.

He claimed that new thinking and new initiatives were essential if national decline was to be reversed and added: "Unless our economic performance improves sharply, we face a future as depressed periphery on the edge of a greater European economy."

Mr Gould said that neither the political or diplomatic outlook appeared any brighter. Britain was declining to the status of an offshore island, with little influence over European affairs and without any coherent vision of how the newly emerging Europe should develop.

Democrats told they have 'months' to find identity

By Michael Cassell, Political Correspondent

MR PADDY ASHDOWN, the leader of the Liberal Democrats, yesterday warned his party it had only "a matter of months" to create a clear identity and set up an organisation to convey its electoral message to the voters.

In a new year party message - intended to rally morale among activists in the wake of continuing poor poll ratings - Mr Ashdown claimed that Thatcherism was collapsing.

Echoing the remarks earlier this week of Dr David Owen, the leader of the Social Democratic Party, however, Mr Ashdown said Labour would nevertheless be seen increasingly as incapable of winning the next general election.

Britain therefore needed a party determined to give people the power to run their own lives, committed to protecting the environment and dedicating to ensuring that the nation played its full part in a new, democratic Europe over the next decade.

Mr Ashdown claimed that British politics were moving into an area that represented

Liberal Democrat territory. While the last decade would be known as the "greedy 80s," the next 10 years would be the decade of the citizen, and Thatcherism would prove unable to meet its challenges.

The Liberal Democrat leader also suggested that Labour - in spite of its policy shifts - would not be able to hide much longer from the scrutiny that all potential governments faced.

His plans would not stand up to the responsibilities of government and its electoral strength would reduce to defeat Mrs Thatcher, he said.

With the Government in decline and Labour increasingly seen as an unconvincing alternative, Mr Ashdown said it was more necessary than ever for positive and radical Liberal Democrat policies to be conveyed vigorously to the voters.

He said the party had only a short time to put the mechanisms in place to take full advantage of its opponents' weaknesses.

Insurance fire claims rise by 34%

By Patrick Cockburn

FIRE INSURANCE claims for the third quarter of 1989 rose by 34 per cent to £212m, from £158m in the same period last year, according to the Association of British Insurers.

Mr Mike Jones, chairman of the ABI, said that losses from both commercial and domestic fires had increased considerably - with claims from business rising faster than those from householders.

Mr Jones said: "It is of grave concern that there were 16 fires costing more than £1m between July and September, 1989 and three caused damage of more than £4m each."

Royal Insurance and Commercial Union, two of the largest UK companies, said yesterday that there was no particular reason for the increase in fire claims other than the extent of the number of serious fires on commercial premises.

Publishers suffer market saturation

By Raymond Snoddy

MOST publishers say that they are being choked by the volume of unsold books returned by booksellers, according to a survey by KPMG Peat Marwick McLintock, the accountants and management consultants.

It found that two thirds of publishers believed the market was being flooded by too many titles, yet there was little sign that any action was being taken to alleviate the situation.

The consultants found that most publishers were reducing the size of the print run of each book, which suggested that the number of new titles published might even increase.

KPMG Peat Marwick also said it had found what it described as dangerous complacency in the publishing industry about the completion of the European single market after 1992. One third of those who responded believed it would not affect them and two thirds did not see foreign publishers as a threat.

"Such a survey is worrying," said Mr Richard Peterson, partner in charge of publishing services.

He added: "If the publishing industry feels it is being choked by returns and the market is being swamped by new titles, it should wait until the bookers come down in 1992 and see what the term 'over-saturated market' really means."

Mr Peterson said alarm bells should now be ringing in the British publishing industry.

Union seeks to increase women MPs

By John Mason

THE GMB, Britain's second largest trade union, is to introduce a quota system in an attempt to increase the number of women MPs it sponsors.

Mr John Edmonds, its general secretary, said yesterday: "Only eight of the union's 38 sponsored MPs and candidates are women."

The GMB, which has taken a leading role in Labour's policy review, is to insist that next year at least 40 per cent of parliamentary candidates are women, rising to 50 per cent after the next election.

The move is part of the drive by both the Labour Party and trade unions to increase their appeal to women. Mr Edmonds said the GMB's present level of support for women MPs was "not impressive" and had to be changed through quotas. "We have a responsibility to promote the position of women."

The GMB has 570,000 members of which 305,000 are women. Women represent the bulk of the union's new recruits and are expected to outnumber men by 1995.

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WARTSILA advertisement containing shareholder meeting details and company information.

Crédit National advertisement featuring financial products and KREDIETBANK logo.

Avoidable fate of the AIDS disk victims

Alan Cane says computer viruses can be defeated if users bother to take precautions

PEOPLE who fed the now notorious AIDS diskette into their personal computer and ended up with a virus-ridden, inoperable system have suffered an avoidable fate.

Elementary precautions that should be taken by all personal-computer users can virtually eliminate the risk of falling victim to a computer virus.

Unfortunately, most of those who use small computers have neither a grounding in computer security procedures nor the will to put them into practice.

Less than 2 per cent of the UK's population of personal-computer users are truly security-conscious, says Mr Eddie Peers, a partner with the management consultancy division of Deloitte, Haskins and Sells.

"It is simply not part of most computer users' minds."

That will have to change if there are not to be repetitions of this month's AIDS diskette affair, where thousands of computer users in the US, Western Europe, Australasia and the Far East received through the post unsolicited flexible disks offering a computer-based assessment of an individual's risk of exposure to the disease.

Many recipients loaded the disks into their personal computers only to find them struck down by a computer virus - a program that replicates from one computer system to another and conceals itself within the system's memory, ready to change or destroy existing programs and data.

The full extent of the AIDS diskette affair is hard to determine, but the international approach suggests that it is a cut above the average virus attack, the chief aim of which

is to cause inconvenience and annoyance.

The computer crime unit of the Metropolitan Police fraud squad, which is co-ordinating the search for the perpetrators, says it has had a great many calls from computer users struck by the virus. It believes that the virus is activated after the system has been switched on and off about 30 times, so some victims may not be affected for some time.

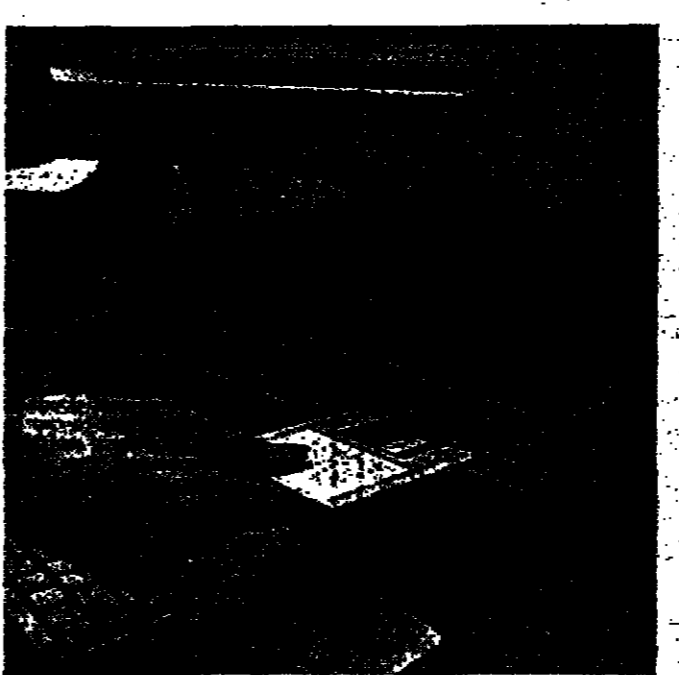
The names and addresses of the recipients of the disks seem to have been taken from a mailing list bought from a monthly computer magazine, so the police believe that as many as 10,000 disks may have been posted.

Others are less pessimistic. Mr Parveen Syed, chairman of the Computer Users Forum, says soundings from among his members suggest that no more than 500 disks were sent.

The perpetrator's motive is still open to question. When the disk is used, a screen message reminds the user to pay \$189 (£117) for a 90-day software lease or \$750 (£500) for a 60-year lease to a Panama address, but it is hard to believe that the creators of the virus thought such crude blackmail could be successful.

Mr Peers said viruses in unsolicited software could be defeated if computer users followed simple rules. Any software of dubious origin should always be loaded into an "empty" computer to see how it behaves, and important programs and data should be backed up on diskettes in case of damage to the master copies.

"The problem is that companies are not prepared to invest management time and money



Few personal computer users are truly security conscious

in proper data processing discipline," Mr Peers complains. The threat from virus programmers and other computer hackers has intensified recently because of the power of the most recent generation of personal computers. A conventional IBM-compatible personal computer can feature a hard memory disk with a capacity of up to 100m characters of storage - enough to record a company's files, accounts and financial projections.

Company information stored in a mainframe data centre is typically protected by several layers of security - physical

access to the building is restricted, several passwords are needed to open sensitive files, and so on.

The same data stored in a personal computer system is often unprotected either by physical locks or software barriers. Furthermore, as hard disks increase in capacity, users are becoming less willing to make security copies of their programs and data.

Yet it seems that some are prepared to load into their machines software received unsolicited through the post and with no proof of origin. Mr John McIntosh of PC Security, which markets anti-virus software, said it was regrettable but not surprising. The distribution of demonstration diskettes was an established marketing tool for software companies.

The AIDS diskette affair may have raised public awareness of the threat of viruses, but clearly to ensure that legislation to outlaw computer viruses is passed in this session of Parliament.

Mr Michael Colvin, a Conservative MP, is introducing a Private Member's Bill designed to implement the recommendations of a Law Commission report on unauthorised access to computer systems. The commission recommended that there should be three levels of computer crime, with five years' imprisonment as the penalty for the most serious.

The National Computer Centre has been co-ordinating a survey of attacks to companies, hacking among some 4,000 UK companies. Replies have been "pouring in," and early analysis suggested overwhelming support for outlawing hacking.

Miss Judith Vincent, head of Commercial Law for the Confederation of British Industry, said there was powerful support throughout industry for such a bill. Computer hacking was thought to be costing UK companies \$400m a year.

The Government clearly agrees, Mr Eric Forth, Under-Secretary for Trade and Industry, told Parliament in a written answer last week that the Government intended to introduce legal penalties for computer crime as soon as practicable. Mr Colvin intends to press ahead with his own bill on grounds of urgency, with a fair wind it could become law by the summer of 1990.

Strange it might be, but it happens: a company cuts the grass on a site & no longer owns a property that it no longer owns or leases.

In both the private and public sectors, companies and organisations have a careless approach to their property assets. They are frequently ignorant of what they control, refuse to take relatively small amounts out of operational budgets for maintenance and then find themselves having to make capital provisions for major works. Property is often given a low priority and status in the hierarchy of management responsibilities.

Yet in a recent survey of both the public and private sectors it was found that more than 80 per cent of organisations responding had property assets accounting for more than 20 per cent of their total asset value. Interest in property rose only when a company or an organisation found itself under financial pressure.

It is significant that over the last year there has been a succession of deals through which hard-pressed retailers have sought to realise some of the value in their property assets. Through, for example, sell-and-leaseback arrangements or joint ventures with property companies.

But where property values are played down, or their potential is not explored, the financial penalties for a seller and the bonus for a buyer can be considerable. Hence the controversy which has surrounded the British Government's sale of both Rover, the car group, and Royal Ordnance, the armaments manufacturer, to British Aerospace.

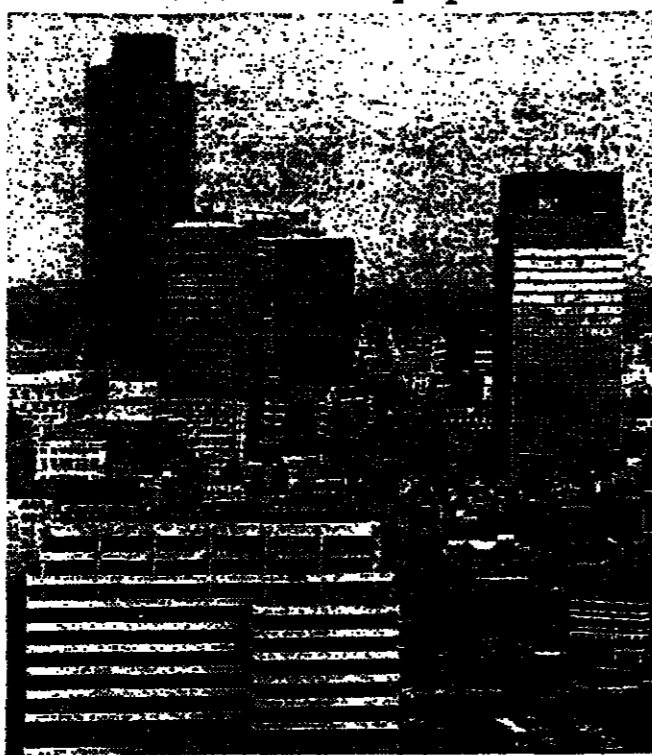
Worthwhile of the public sector have repeatedly drawn attention to waste or the failure fully to exploit resources in state agencies. There has been a series of reports, into the Property Services Agency and the Crown Estate from the National Audit Office and into local authority property management from the Audit Commission, conveying just this message.

Now a new report from the Department of Land Management and Development at Reading University shows that criticism levelled at the public sector may equally well be levelled at the private.

The ramifications are serious because if the property does not work smoothly, then neither will the business. "Much of British manufacturing industry is not yet aware of the

Asset management Something of a mystery

Paul Cheeseright on companies' ignorance of the real value of their properties



Properties: a big asset but often a low management priority

effect of obsolete buildings on the productivity and profitability of its operations," declares Sir Monty Finiston, president of the Industrial Building Bureau.

The Reading report is based on responses to a questionnaire from 230 private and public sector organisations and detailed interviews with over 50 of them. It shows that property problems start from the fact that nobody much actually thinks what the property is there for. There is little clear direction. From that point of uncertainty, it is downhill all the way.

The private sector is less likely to have written objectives for its property activities than the public sector, but 70 per cent of the poll saw property not as an end in itself but as subordinate to, as a service for, the operational side of an

organisation. This is natural but raises an immediate problem.

"Several property people in the private sector complained of the short term view of business operations and the problems of fitting long lead times on property matters into such a planning structure," said the report. Yet, without organisational objectives, the management of property can only be reactive.

Responsibility for property most frequently is in the hands of a central department, but increasingly there is a tendency to thrust responsibility down the line into operational departments. Where there is a central group, the head is often in the second or third tier of executives but not necessarily with the same power as operational peers.

Whatever the place of the

property people in an organisation, the chances are that the information they have will be inadequate. Most companies keep an inventory of property but effective computerised management systems seem to be few and far between. Rather, data was often spread around a company in unconnected systems and was, so interviews revealed, "incomplete, inaccurate, inaccessible."

That is hardly surprising. If the object of storing the data is not clear in the first place, then the collection and storage of the data is likely to be haphazard. The Reading report notes "the difficulty organisations had in precisely specifying the requirements of a property management system which would be appropriate for a variety of users."

The lack of information spread further. Most companies do not have internal property management accounts so they cannot see either the contribution or the cost of property in their overall performance. Most companies do not know the opportunity cost of their property - that is the market rent for the space they use. Without knowledge there can be no measurement of performance.

Reading report's response to all of this comes in four stages. First, the operational objectives of a company need to be thoroughly understood so that there is a framework for property objectives and the identification of specific targets. Once these are set, the second stage is identifying the activities which need to be undertaken so that the targets can be met, finding the people and fitting them into what is the most appropriate organisational structure for the company.

The third stage is to establish a monitoring system to track whether the targets are being met. The fourth is to specify the nature of the information which needs to be run into the information system, how it can be collected, where it will be stored and who will have access to it.

"It is only by understanding the individual aspects and the way they fit together that effective and efficient management of your organisation's operational property assets is achievable," the Reading report admonishes.

"Managing Operational Property Assets by Martin Avis, Virginia Gibson and Jenny Watts, Department of Land Management and Development, University of Reading, Whiteknights, Reading RG6 2BU, £20.

Management abstracts

User study: how the facts got to the final. *N Facelet in Computer Weekly (UK), May 18 89 (2 pages)*

Describes the PC-based system installed to cope with ticket sales at the Wembley Stadium, Arena and Conference Centre complex, looks at the cost savings resulting from the use of PCs rather than a minicomputer, at the communications links, and the individual operations, e.g. Box Office Allocation which maintains a continuous record of all seats for sale and sold. Illustrates the speed and flexibility of the system which allowed a Bros concert to be configured, tickets sold, and event staged in just over a week.

The prototyping continuum. *J D Carrey in Datamation (US), June 1 89 (4 pages)*

Uses a small survey to assess the impact of prototyping as a development methodology. Finds that all sorts of organisations use prototyping, and that the main reasons for doing so are better user involvement and requirements definition; claims that the biggest challenge is keeping development under management control, evidenced by lack of documentation, probably arising from its historical use as a spontaneous and flexible answer to small systems development. Notes that prototypes go through more changes when used by contractors are involved.

Assessing company strength using added value. *J Bryant in Long Range Planning (UK), Jun 89 (11 pages)*

Advocates using added value analysis as a means of assessing company strength and reports a survey of the value-added performances of major UK companies. Examines the relationship between added value and factors such as productivity, capital investment and profit strategy. Suggests something called the K-Factor as an indicator of performance in adding value and calculates this K Factor for 100 companies. Amstrad gets the highest score. Shows how added value analysis can contribute to strategy formulation, e.g. in considering competing capital investment projects.

These abstracts are condensed from the abstracting journal, *Management Abstracts*, Volume 19, Number 12, December 1989. For a complete copy of the original articles only by obtaining a copy of the journal from the publisher, *Intelligence*, 300 North Zeeb Road, Suite 200, San Jose, CA 95128, USA. Tel: 415 261 2000.

Reforming the parastatals

Mike Hall on the management of Malawi's state enterprises

A word less often heard in Malawi's aid circles these days is "parastatal", a derogatory term to describe heavily subsidised and inefficient state-run enterprises and institutions.

Parastatal reform has featured prominently in the economic recovery programme which began in 1981 with IMF and World Bank support. Better management has brought considerable improvements.

Malawi's parastatals vary from large enterprises like the Agricultural Development and Marketing Corporation (ADMARC) and the national airline, to other smaller development bodies such as the Smallholder Tea Authority, to tiny outfits like the Road Safety Council.

Those of the first type are the most important. Apart from their size, they are expected to run on commercial lines. The "quasi-commercial" development bodies are expected to cover costs; the much smaller service institutions always depend on state funds.

Parastatals are major actors in the economy, accounting for 25 per cent of GDP in 1984. Their financial efficiency and quality of service are vital to the overall well-being of the economy.

Reform is important for another reason. "It's increasingly fashionable in Africa to improve the quality of service of utilities to help encourage private investment," says an aid official.

In the early 1980s Malawi's 35 parastatals were a severe financial drain - a "bottomless pit", says one government official. They were the single biggest contributor to a growing budget deficit as the economy spiralled into crisis.

Parastatal management was a major reason. Financial control and forward planning were inadequate. Accountability was lacking and there was also political interference, although less than in many other African countries.

In 1982 the government created the Department of Statutory Bodies under the president's office. "The idea was to have a centralised overview of the whole sector," says Garth Armstrong, who heads the department and who was seconded from the UK's Overseas Development Administration.

In the next few years the huge Press Holdings, a "quasi-

public" company - directly owned by President Kamuzu Banda - was restructured. Despite the political sensitivities, it was one measure the World Bank insisted upon.

In the mid-1980s, the World Bank took a closer look at parastatals. Most of its recommendations were included in the government's five-year "statement of development policies" covering the whole economy.

The document sought in part to clarify the roles of parastatals and outlined ways for improving performance. In the case of ADMARC this involved a major divestment programme and allowing private traders to compete in maize marketing.

Others have introduced - or are about to introduce - corporate planning, annual budget reviews, new appraisal procedures, new terms and conditions of service, training plans, performance contracts and regular independent technical "audits".

Many measures have been put into practice recently at

A new staff appraisal scheme has been adopted. Job descriptions are checked annually, and performance, personal objectives and training needs assessed. There is also a system of performance payments and new disciplinary procedures.

Financial discipline has been strengthened by introducing a model for optimal pumping schedules to save on electricity, the biggest expense.

The overall impact is difficult to assess. But maize leakage has been reduced by 60 per cent and is now in line with international standards, and although the board made a loss of 0.5m kwacha (0.11m) in 1988/89, its financial position is sound. A surplus of K0.8m is expected in 1989/90.

The Board still has its problems. Mr Armstrong says many of them are familiar even to the U.K. We're not spending enough capital, it can take too long to get loans organised, and some public sector salaries are low compared to the private sector.

Training Malawian managers - and ensuring they are adequately paid - is regarded a priority, Mr Armstrong says. "The government accepts that if parastatals are going to be efficient and provide a good quality of service, their management must be of a high standard."

Financial performance of the sector improved significantly last year. The total net surplus increased from K5.5m (21m) at the end of 1987 to K18.2m (84m). Only four of the ten major commercial bodies made losses in 1988 and finance officials say it seems likely to improve further this year.

Private business say much more could be done. Further privatisation is one possibility. Sources outside government say the sale of 49 per cent of shares in Air Malawi has already been discussed in the long term, some utilities could also be partially privatised, and some smaller parastatals incorporated into ministries.

But Mr Armstrong is pragmatic about the pace of reform. "I think the World Bank were a bit naive at the beginning about the rate at which change could take place," he says. "They have a more mature view now. Parastatal reform is very time consuming - even with the best will in the world."

... each cost centre has a budget holder accountable for spending, and a project appraisal system ensures the best projects are implemented'

the Blantyre Water Board, now headed by Peter Bray, the former chief executive of the Anglia Water Authority in Britain.

"The government insisted on a corporate plan," he says. "It's standard practice in the U.K. but no one here really knew how to do it."

The five-year plan sets out the board's objectives and target service levels and outlines the strategy to achieve them. It also lists performance indicators relating to infrastructure, levels of service, staff and costs. Progress is assessed each quarter.

Manpower has been cut back by almost 25 per cent in the last year and the number of tiers in the organisation reduced. New salary structures were also introduced with shorter grades that do not overlap.

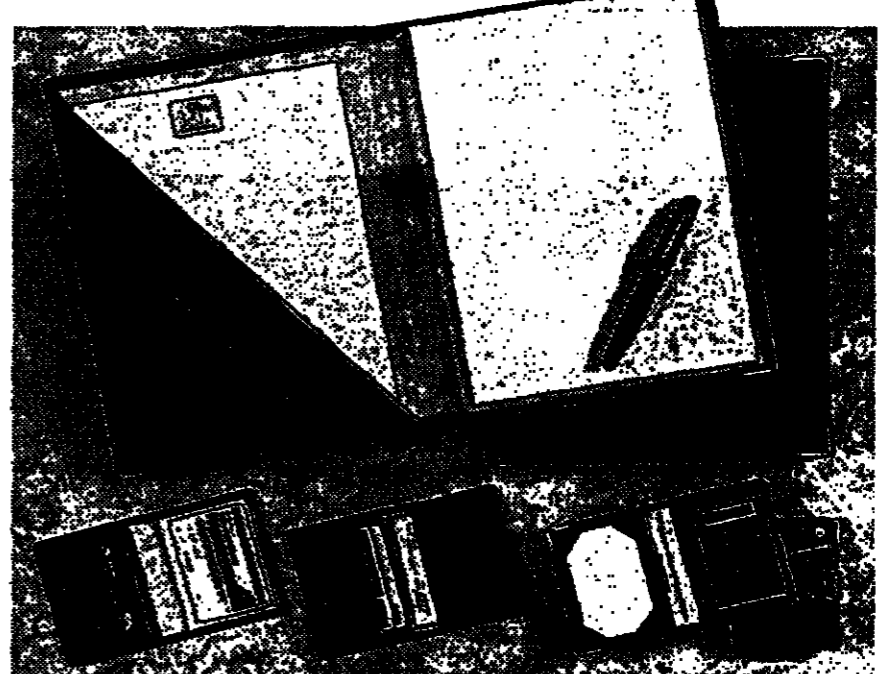
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ARTS

Arts Week
 F | Sa | Su | M | Tu | W | Th
 29 | 30 | 31 | 1 | 2 | 3 | 4

MUSIC

London
 London Concert Orchestra conducted by James Blair, with James Lisney (piano) performing works by Tchaikovsky. Barbican Centre (Fri) (838 8891).
 London Concert Orchestra conducted by Julian Smith in Dennis O'Neill's opera gala night. Dennis O'Neill sings excerpts from Verdi and Puccini operas. Barbican Centre (Sat) (838 8891).
 London Symphony Orchestra conducted by John Georgiadis in a Viennese evening with music by Strauss and Lerner. Barbican Centre (Sun, Mon, Tues) (838 8891).

OPERA AND BALLET

London
 Royal Opera, Covent Garden. The revival of *Der Freischütz* brings back to Covent Garden the production's original conductor, Colin Davis, and leading tenor, René Kollo; the cast also includes Katrin Mattila, Judith Howarth, and Hartmut Welker. English National Opera, Coliseum. The 1987 David Pountney musical production of *Hansel and Gretel*, a triumph of intelligent modern operatic rethinking. Further performances of Richard Jones's witty production of Puccini's *La Bohème* at Covent Garden. Ashton's *Cinderella* is revived (Tues and Thur).
Paris
 Théâtre des Champs Elysées. The Bolshoi Ballet School is followed by Leningrad's Boris Eifman Ballet. At Covent Garden, Ashton's *Cinderella* is revived (Tues and Thur).
Amsterdam
 Muziektheater. The National Ballet in *The Sleeping Beauty*, choreographed by Peter Wright, with soloists for the New York City Ballet. Compagnie Maggy Marin in the Dutch premiere of *Eh, qu'est ce que ça m'a fait à moi?*
Brussels
 Théâtre Royal de la Monnaie. The Monnaie Dance Group

Paris
 Kathryn Harries (soprano) with Michael Pollack (piano). Auditorium des Halles (Tue) (40282828).
 Baroque Music - around Montclair's cantatas with William Christie as conductor and harpsichord soloist (Thur). Auditorium des Halles (40282828).
Amsterdam
 Rotterdam Philharmonic Orchestra conducted by Valeri Gergiev, with Mstislav Rostropovich (cello). Prokofiev, Shostakovich (Thur). Concertgebouw (718345).
Brussels
 Monnaie Symphony Orchestra and chorus conducted by Christoph von Dohnanyi, with Jose van Dam (bass), Elizabeth Ardam (mezzo), Josef Protschka (tenor), performing Beethoven's 9th Symphony (Sun), Théâtre Royal de la Monnaie.
Frankfurt
 Varieté Roncalli by Bernhard Faust (all week). Alia Oper.
Berlin
 Berlin Philharmonic Orchestra under Seiji Ozawa with singers Kathleen Battle, Thomas Allen.

Frank Lopardo, Shimyu-kai, Karl Orff's Carmina Burana, Philharmonie (Sat, Sun)
New York
 New York Philharmonic. Zubin Mehta conducting with Pinchas Zukerman (Violin). Haydn, Nielsen, Sibelius (Thur). Avery Fisher Hall (874 6770).
Washington
 National Symphony. Craig Fischer conducting Stravinsky, Mozart, Beethoven (Thur). Kennedy Center Concert Hall (467 4600).
Chicago
 Chicago Symphony. Stuart Chelender conducting with Stephen Bishop-Kovacevic (piano). Meale, Beethoven, Strauss, Grainger (Thur). Orchestra Hall (438 8688).
Tokyo
 Wiener Volksoper Orchestra and soloists conducted by Edgar Seipenbusch. Strauss, Lehar. Suntory Hall (Mon-Thur) (505 1010).
 Wiener Johann Strauss Orchestra, conducted by Alfred Escher. Strauss. Bunkamura. Orchard Hall (Thur) (4031890).

EXHIBITIONS

London
 The Royal Academy. Inigo Jones, Architect - a full study and exquisite show of the intimate drawings and designs of the greatest of British architects, only excepting Sir Christopher Wren. Jones was architect to James I and Charles I and Greenwich Hospital, St Paul's in Covent Garden and the Banqueting House in Whitehall remain to us as his masterpieces. Daily until February 26, except bank holidays.
 Whitechapel Gallery. Michael Craig-Martin - a retrospective of the sculptures, reliefs and wall-drawings of one of Britain's leading conceptual artists, unfailingly elegant in the demonstration, though the informing ideas are more often of obvious and banal than profound. Daily until January 7 except Mondays and Bank Holidays.
 The Barbican. A Golden Age - Art and Society in Hungary 1896-1914: in the light of the current ferment in Eastern Europe, with Hungary very much in the vanguard, it is salutary to be reminded just how active a participant she was in the European cultural commonwealth. In the age of art nouveau, Hungarian applied art and design was second to none. Daily until January 14.
 National Portrait Gallery. Lewis Morley - Photographer of the Sixties. A study of the work of a photographer now all but forgotten yet author of some of the most memorable images of the period, with Christine Keeler naked astride her chair the most famous of all. Until Jan 7.
Paris
 Grand Palais. Eros. Some 100 vases, marbles, bronzes and few-elsiding from Greek antiquity describe most explicitly the verve with which the god of love encouraged humans and gods alike in their uninhibited pursuit of pleasure. Closed Tue, ends Feb 5 (4288410).
 Musée des Arts Décoratifs. Bohemian glass 1900-1930. Some 200 exhibits, among them the famous ruby-coloured glass, show how - having freed themselves from Venetian influence - the glass-makers of Bohemia carried the art of cutting and engraving and painting to such perfection during the baroque period that the renown of Bohemian crystal conquered countries as far apart as Spain and America, Egypt and Ireland. 107, rue de Rivoli (4263214). Closed Tue, ends Jan 28.
 Musée d'Art Moderne de la Ville de Paris. Kupka (1871-1957) or The Invention of Abstraction. The subtitle of the vast retrospective sums up the progress of the Czech-born artist from Vienna-inspired symbolism to non-figurative canvases where glorious colours acquire a life of their own. 11 Avenue Président Wilson, closed Mon, ends Feb 25 (4738127).
 The Louvre. Arabesques et Jardins de Paradis. The beauty and

richness of nature is a leitmotif which runs through Islamic art from Spain to India, from the 8th to the 18th century. Over 200 exhibits, miniatures and manuscripts, textiles and ceramics show the unifying force of this inspiration which ranges from the decorative to the symbolic. Yet the traditional style of each of the Islamic countries adds a specific colour to nature's interpretation. Closed Tue, ends Jan 15 (40283817).
 Photography. To mark the 150 years since the birth of photography the Centre Pompidou speaks of the invention of an Art, the Musée d'Orsay stresses its modernity (Quai Anatole France). Archives Nationales recount the genesis of this invention (60, rue des Francs-Bourgeois), Musée Carnavalet shows Parisian photography (61, rue des Francs-Bourgeois), while the Centre National de la Photographie uses chronology to teach its history (Palais de Tokyo, 16 ave Président Wilson).
 Institut du Monde Arabe. Egypt-Egypt. An exhibition of 26 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Saussaies-Bernard (closed Mon). Ends March 16 (40318383).
 The Louvre and the Chateau de Versailles. David. A retrospective consisting of 64 paintings and 159 drawings is held simultaneously in the Louvre and in the Chateau de Versailles. It retraces the artistic development of the founder of neo-classicism in his path, while organising the Revolution's self-glorifying festivities. With the advent of Napoleon he becomes the Emperor's premier peintre. Louvre closed Tue, Chateau de Versailles closed Mon, both exhibitions end Feb 12.
Brussels
 Palais des Beaux-Arts. Ludwig Wittgenstein and his influence on twentieth century art. Also photographs of Yusuf Karsh both closed Monday and end January 28.
 Galerie Isy Brachot, 62a Avenue Louise, works of Joseph Buys. Closed Monday ends February 17.
 Musée Horta 25 Rue Americaine, posters by the 19th century engraver Armand Rassenfosse in the Atelier of Horta's splendid house/museum. Closed Monday ends Jan 14.
 Musée Numismatique et Historique (at the Banque Nationale) an exhibition of contemporary Belgian Jewellery, medals and sculpture. Closed Monday ends Jan 21.

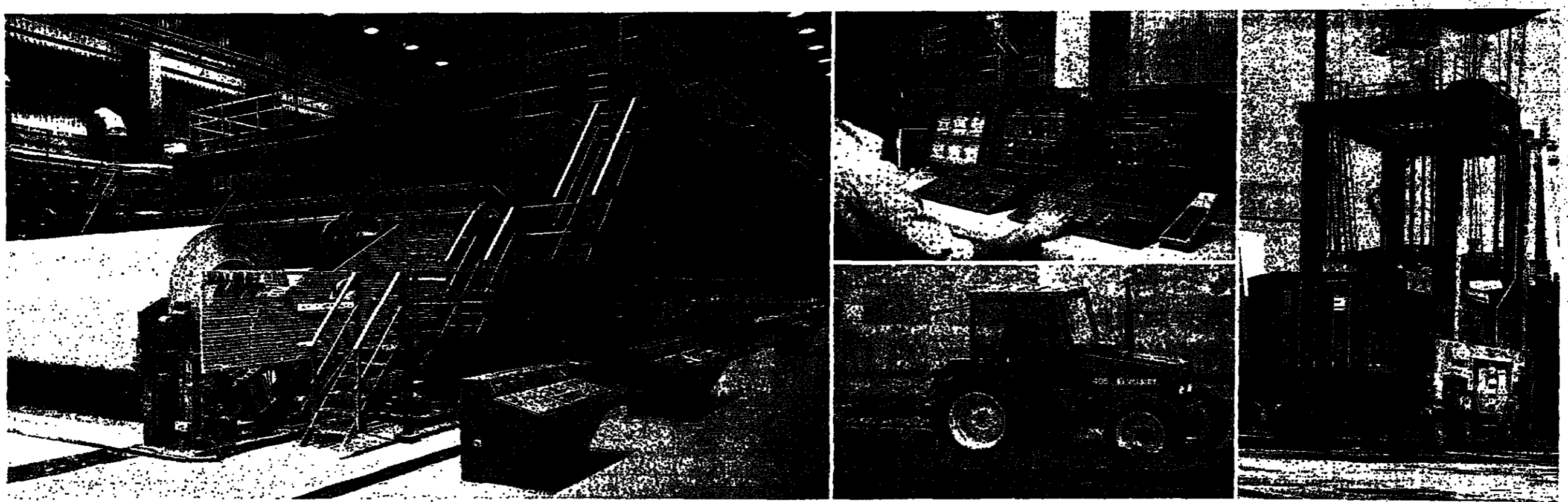
Rome
 Galleria Nazionale Dell'arte Moderna. Bertel Thorvaldsen (1770-1844). Sculptures, reliefs, portrait busts and drawings by the prolific and talented Danish artist who spent nearly 60 years of his working life in Rome. Neo-classic in style, his works are heavily romantic, but with a purity and simplicity of line which holds them just short of sentimentality. Most of the works have been lent by the Thorvaldsen Museum in Copenhagen, built after his death to house both his own enormous output and the fine collection of paintings by contemporaries, which form part of this exhibition, and are fascinating both for their quality and documentary interest. Ends Jan 28.
 Braccio di Carlo Magno (St Peter's). Russian Icons. Over 100 icons of superb quality in an exhibition organised jointly by the Soviet Ministry of Culture and the USSR-Italy Association. The icons date from the 13th to the 18th century and have been lent by 20 museums throughout Russia, notably the Tretyakov in Moscow and the Russian Museum in Leningrad. Ends Jan 30.
Milan
 Palazzo Reale. Fernand Léger retrospective: includes over 150 works - paintings, watercolours and book illustrations. Ends Feb 18.
Madrid
 Casa de Madrid. Raoul Dufy: Works by French Fauvist, well known for his lively use of colour and interest in varied forms of art, are on show in Spain for the first time. The exhibition includes paintings, watercolours, drawings, ceramics and fabric design, belonging to private collections and museums. Ends Jan 25.
 Centro de Arte Reina Sofia. Antonio Saura. 70 works by the Spanish artist painted between 1956 and 1988. The exhibition focuses on four main themes: Ladies, Crucifixions, Goya's dog-sand Multitudes. Ends March 19.
 Fundación Juan March. Retrospective of Edward Hopper opens the autumn season at the foundation. 61 works by the New York realist covering a period of 56 years. Until Jan 4.
 Palacio de Velazquez. Art in Latin America. The exhibition analyses the sources and development of art in Central and South America, from the wars of independence through to the present day. Ends March 4.
Frankfurt
 Kunstverein, Markt 44. The Frankfurt Kunstverein is the first stop on a European tour of the works by the American sculptor Louise Bourgeois. After nearly 25 years unknown, she had her first retrospective in New York in 1983, organised by the Museum of Modern Art. The museum's director Mr Weiermaier has organised the biggest retro-

spective to date with 120 sculptures and some early paintings by Louise Bourgeois, now aged 77. Ends Jan 28.
Hanover
 Sprengel Museum. Kurt Schwitters-Flyer. Der blaue Reiter (The Blue Horse), this museum is displaying around 61 pieces from its own collections as well as some additional paintings on loan from East Germany and by other artists who belonged to the same Munich-based group. Works by Wassily Kandinsky, Franz Marc, August Macke, Alexej von Jawlensky, Gabriele Münter and Marianne von Weseloh can be viewed until Feb 11.
Cologne
 Museum Ludwig. Blachotagartenstrasse 1. The most comprehensive retrospective on Andy Warhol, who died in 1987, with around 180 pieces from New York. They can be seen only in Cologne until Feb 11. The retrospective includes works from the 1960s and 1980s as well as his famous portraits of Elvis Presley, Marilyn Monroe, Warren Beatty, and paintings based on advertisements.
Munich
 Städtische Galerie im Lenbachhaus. The most complete retrospective of the expressionist painter Paul Schmidt-Rothluff to date with almost 370 works from 70 private and public collections. After the Kirchner and Heckel exhibitions, this is the third significant project from one of the founding members of the Brücke group. Schmidt-Rothluff, who died in Berlin in 1978, was strongly attacked during the Nazi years.
Vienne
 The Kunsterien is host to Mercury and the Muses, a vast collection of artifacts, documents and objects from Leipzig, on display for the first time. The collection, ranging over four millennia, contains treasures from Ancient Egypt, Greece and Rome. The exhibition also contains European painting from the middle ages to the 19th century, including works by Caspar David Friedrich. Ends Feb 18.
 Museum für Applied Arts is hosting a large exhibition devoted to the works of Carlo Scarpa, the Italian artist and architect. The theme is focusing on "The Other City". Until Jan 15.
 Museum für History. An exhibition of paintings by Armin Reiter, deemed to be one of Austria's most successful post-war artists, and who recently had an exhibition in New York. Ends Jan 28.
New York
 Pierpont Morgan Library. The library's superb collection on Gilbert and Sullivan, including autograph scores and libretti, letters and memorabilia, is the

centrepiece of this exhibit, the most comprehensive ever mounted on the Victorian operetta masters, with more than 400 items on view. Ends Feb 18.
 Metropolitan Museum. A decade of fabulous shows borrowed from around the world culminates in the present exhibit of the major works of Velazquez, much of which is borrowed from the Prado in Madrid. Ends of more than 160 objects from the Fitzwilliam Museum in Cambridge are making their way round America, giving a sampling of objects and paintings, among them works by Titian, Peter Paul Rubens and Rembrandt, under the theme of the increase of learning and other great objects. Ends Jan 28.
 Metropolitan Museum of Art. A major exhibit of the works of Canaletto brings alive scenes of Italy in its secular glory. Though many are familiar, the exhibit makes the artist's vision a breathtaking panorama with touching attention to detail. Ends Jan 31.
 Museum of Modern Art. Covering only eight years, from 1907 to 1914, Picasso and Braque: Pioneering Cubism consists of more than 100 paintings by the two artists during their fruitful collaboration before Braque left for war. Ends Jan 18.
 International Contemporary Arts. A new New York institution with the goal of cataloguing curatorial information about artists around the world, is launching a special exhibit devoted to a retrospective of Japanese artist Yayoi Kusama. 57th & Fifth Av.
Washington
 National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of John P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.
 National Gallery. Almost three dozen paintings of the early 20th century German movements, Bauhaus, Neue Sachlichkeit and Blaue Reiter, lent by the Thyssen-Bornemisza collection, make a telling commentary on a part of the world again at the centre of attention internationally. Ends Jan 14.
Tokyo
 Bunkamura. The Museum. Major works from the Detroit Art Museum. El Greco, Goya, Rubens, Manet, Ingres, Cezanne, Matisse, Picasso etc., more than 100 paintings from one of the largest public collections in the US. Closed Mondays.
 Seaman Museum of Art. Hebru Kuro. Andrew Wyeth: Holga. A selection from the many paintings and sketches Wyeth made of his favourite model over a 15 year period and not revealed to the world until 1988. A secret obsession or commercial ruse? Opens Tuesday.
 Continued on Page 9

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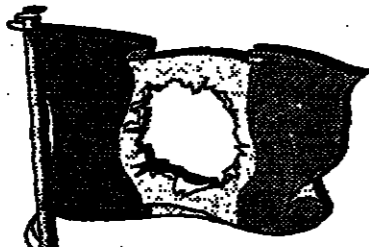
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The voice of the new Romania

This is the fullest account yet provided of the course of the Romanian revolution — recounted from the inside by Mr Silviu Brucan, one of the original members of the Committee of National Salvation (CNS). The story was told to John Lloyd and Judy Dempsey over three hours late into Wednesday night in the heavily guarded Ministry of Foreign Affairs in Bucharest.

Week of revolution

By Thursday December 21, the demonstrations in Bucharest had become generally known in the West. The country, largely through Radio Free Europe, Voice of America and the BBC World Service, broadcasting in Romanian. On Thursday afternoon, President Nicolae Ceausescu, back from Iran, appeared on the balcony of the Central Committee building to address the crowd — and was booed and whistled. It was that unprecedented act which set in train the week's events. Mr Brucan takes up the story:



Romanian revolution

... [Text continues from previous block]

Thursday December 21: "When we heard that Ceausescu was booed for the first time," said Mr Brucan, "everyone headed for the palace square. It was about this time, in the afternoon, that General Vasile Milea [Minister of Defence] was shot by Ceausescu himself, perhaps by his personal guard, for telling him that his soldiers would not fire on the demonstrators. "When the crowd saw that the soldiers were not going to shoot, people, especially students, began to enter the Central Committee building. They offered no resistance then, through the fighting came later, with the army. People managed to get to the first floor balcony and to set up a microphone and address the crowd. Ion Iliescu [now the President] and Petre Roman [now Prime Minister] were among the first to get up there. Other people now on the committee (CNS), including some army officers, such as Captain Michael Lupoi also came together in the building: that was how the nucleus was formed. I heard of it when I was in my 'rural cottage' in shack to which Brucan and his family were confined at the start of his house arrest, just outside Bucharest. I got a neighbour with a car to drive me in and I went to the Central Committee building. "The names of the dissidents were all very popular. When we addressed the crowds there was a huge response. The regime most recently when I came out with a statement after the Brasov workers' riots [on November 15 1987] and I was well known. "On that night the first priority was to organise the patriotic forces to fight alongside the army against the Securitate. [The Securitate] We stayed in the Central Committee building all that night."

Friday December 22: "We moved to the TV centre on Friday. The TV was our first instrument of influencing public opinion. From the palace square the crowd moved to the TV station and succeeded in penetrating it, and we broadcast all night. We presented film of the demonstrations: we exhorted TV viewers to go out on the streets: the reaction was tremendous. "The Securitate tried to occupy the TV studios. The leaders targeted it — especially important here was Ion Vlad, chief of the National Securitate. There was a concerted heavy attack on the building from the houses all about it, and there was fighting inside."

Saturday December 23: "The CNS moved to the Ministry of Defence. We were then moving from place to place only inside tanks. And these tanks were systematically shot at — they [the Securitate] knew we were inside them. There were hundreds everywhere — in the TV and in the Ministry of Defence. To be sure, the civilians in Securitate pay realised the game was up, and tried to accommodate themselves to the revolution. The military were — are — less rational. "I was on Saturday that Ion Vlad offered a deal. He offered that his Securitate forces would co-operate with the revolution. I was against this arrangement: and I succeeded in destroying it. I asked him that, in the radio appeal he had agreed to broadcast to his men, he should tell them to cease fire and to give up their weapons. He didn't do it. So I realised that the man was tricky. The others among us were not so immediately convinced, especially the army generals. Listen to how he speaks — he is one of us," they said. He's very clever and a great actor, he looked very sincere, he used revolutionary phraseology. But the others became doubtful when he refused to do as I asked on the radio. And then, at the next meeting of the committee, I put before them the fact that although the terrorists [the Securitate] were working to a plan, he would not tell us of it so we could stop it. So he is now in prison. "We wrote our first communiqué on Saturday, announcing our programme and objectives. The priority was the military situation — it was so absorbing at the time. "The next major decision we had to take was over the Ceausescu trial. We thought that this would be a terrible blow and would demoralise

Wednesday December 27: "We had the first full meeting of the CNS. We are now more than 70 strong. We wanted to bring in all the local leaders of the CNS in the district, which accounts for about 40 people. They must all be vetted, of course, for there will be many opportunists who have crossed sides. "On Wednesday, too, the Foreign Minister Sirghiu Celac with deputies Corneliu Bogdan and Constantin Oancea were named. Brucan, who says he was offered a ministry, refused on grounds of age. He accepted the post of chairman of the CNS foreign affairs commission — the body which appointed the ministers. "The background

The Communist Party of Romania: "It is in the later of the party that the particular nature of the Romanian revolution is to be found. Change in Romania did not come out of a reform movement within the party or an inner struggle. The changes came as a result of popular struggle without a political leadership. It was in the fire of the mass movement that the new leadership was formed. The party was outside. The first communiqué of the CNS did not even mention it. It remained a passive observer — and we intend to keep it that way. "So we don't need a special party congress or change in the leadership. It has gone if no longer exists. The people on the CNS who were Communists are not there as such: they are there because they have been fighting the party. None would declare himself as a Communist. There is none of this reform Communist nonsense in Romania. "Re-proletarianisation: "There was a serious intention in Ceausescu's apparently senseless economic policy. His ideal social base is a peasant turned worker. That is present about 5m people. The scientific revolution diminishes the role of the manual worker. It privileges the role of the intellectual. Peasants turned workers are not interested in civil rights — in freedom of the press — in political rights. It is intellectuals who are raising these kind of questions. In recent years they reduced the numbers of students in higher learning and increased those in purely technical schools. Ceausescu tried to increase the number of manual workers against the social trends everywhere else. He argued for the re-proletarianisation of the party. There was a logic in what he did. The demand for pluralism in eastern Europe did not come out of the blue: it is the result of the development of the social forces in these

Brucan's own story

Silviu Brucan, an elderly, avuncular man who only last week was in internal exile in a small village outside Bucharest, has been catapulted into the political limelight. Born in 1916, he first joined the Romanian Communist party before the Second World War. He quickly rose up through its ranks, becoming editor in chief of the party daily, *Scinteia*, in the mid-1950s. "From 1956 to 1959, he was ambassador to the US and from 1959 to 1962, ambassador to the United Nations. But in 1968, he was removed from all important posts, a year after Ceausescu came to power. "Since then, he has held a variety of jobs. He taught Marxism at the Bucharest university and managed to secure several teaching posts abroad, which allowed him to write a number of trenchant essays and books analysing the Marxist and communist systems. "But his safety was threatened after the riots in Brasov in November 1987, when he signed an open letter to the Ceausescu regime condemning the use of force and warning the party leadership against taking reprisals against the leaders of the workers' demonstrations. "In March 1988, he and five other leading intellectuals addressed an open letter to the Communist Party and to Mr Ceausescu which accused the regime of bringing the country to economic, social, political and moral ruin. "Since then, Mr Brucan had been under house arrest and subjected to interrogations lasting up to 22 hours. "He was evicted from his home and sent to a village with his wife and daughter. There, without heating or light, he was constantly watched, prevented from visiting his friends, receiving foreign newspapers, or meeting colleagues. "When the uprising began on Thursday night, he was still under house arrest. But then, "I looked out the window and saw that the Securitate had left. A neighbour then gave me a lift into town." The rest is history — or the beginning of it.



Silviu Brucan, back from exile and now among the Romanian leadership



Communist Party signs are removed from a building in Bucharest shortly after Romanian television showed Ceausescu's body

societies. Instead of homogenisation, we have social differentiation and that breeds pluralism. The scientific revolution has destroyed the Marxist thesis. The numbers of manual workers are decreasing, their position goes down. The manual workers no longer lead technical progress — on the contrary, they are a conservative force, as Walesa will discover in Poland if he does not already know it. "Thus in the revolution it is the intellectuals who are in command, especially the youth. They were fantastic, unbelievable. Some of them stayed up for three days and nights to defend the TV studios. Ceausescu destroyed all of this society's safety valves. It exploded with the young because they were the most frustrated and the most courageous. "The manual working class will be a conservative force here in the future. We will have to move them into services — there are practically no services in Romania. Our base is so low that we could do that quite quickly. "The economy: "The food situation in Romania is terrible but it is misunderstood. 15 years ago, Ceausescu attacked small peasant production which means the crops which collect farmers and their families tended. It then represented only 12 per cent of the arable land, but it produced 54 per cent of milk, 47 per cent of meat, 55 per cent of fruit and 49 per cent of vegetables. Instead of drawing the logical conclusion and encouraging small production, he tried to destroy it. That is the main cause of the food shortages in Romania. The exports which have been blamed are merely an aggravating factor. Therefore if we encourage small production then within two or three years the situation will improve. "But in industry we will have some very difficult years. For 10 years we did not import any modern technology. Ceausescu had a fantastic hostility towards the third stage of the industrial revolution — computers, communications. There is nothing about it in the plan. The plan to the year 2010 does not have one plant producing computers. It was a strategy of underdevelop-

ment. "I don't expect the debt [presently] will rise to very high levels, though it is a stupid idea to run an economy without credits. You must do it moderately and for very, very specific objectives. The stupidity of the Ceausescu policy in the 1970s was that he assumed by the export of machine tools Romania could become a developed economy. The range of machine tools made is almost as wide as in France. They were of relatively high quality in the 1970s but the machine tool industry in recent years has fallen behind because it has no computerisation. "The Securitate: "The elite officers of the Securitate were trained for urban guerrilla warfare and specifically equipped for this kind of fighting. From the beginning of the revolution they were acting according to a plan. Their transportation and communication systems, their arms dumps and their attacks — all of them showed that they were acting according to a contingency strategy. We didn't have this plan. The Romanian army was simply not trained to fight this kind of war. The army was sent to harvest corn, to build canals — while the Securitate were being trained. "From the 1980s, the emphasis shifted from the party to the Securitate in every respect. Ceausescu was aware that the party could no longer control the workers and the peasants and the people and he drew the proper conclusions. That was because his policy of stripping the economy to pay off the foreign debt because of his fear of dependence on the West, was so unpopular. People had no food: they were freezing in their flats. This was a political system of the feudal type — it was a personal monarchy. The party was atomised, and the Securitate controlled everything, monitored everyone, including the present and past party officials. "The Ceausescus: "There has been no one like Ceausescu. Stalin was a comparatively educated man. Romania was run for the past 20 years by someone with four years of elementary-school classes behind him. Ceausescu created a new social category — the power scientist. These are people who can become scientists after they lose it. "But one must say that a famous British institution lent a helping hand here, with an award by the Royal Society of Chemistry to Elena Ceausescu. That was a shame for such an institution. "It was the thirst for power which drove the Ceausescus, the desire for a glamorous life. They were much worse than the members of the *nouveau riche*. The *nouveau riche* can be vulgar, but they come generally from members of the lower middle class and they have limits. But when a proletarian rises so far, the desire for wealth and power becomes much stronger. The Ceausescus ate of gold. "He put a deliberate emphasis on the building up of the Securitate and in weakening the fighting capacity of the Romanian army. He was not interested in war with a foreign enemy, he was interested in a war with the Romanian people. "It was a family rule. His brother, Ceausescu, was a Communist Party head of the training institution for the Securitate. Another brother, Marin, in Vienna, was the conduit for the money into Switzerland. We know of \$1.1bn in numbered accounts there but there may be more. If Ceausescu had died, she [Elena] was prepared to take it all over."

Foreign policy: "The major change in foreign policy will be a radical turnround in the Helsinki process, and much greater co-operation in Europe. Romania was turned into an adversary of this process. We must succeed in restoring this respect there will be a radical change. "Then we will try to improve relations with both East and West. Ceausescu was at loggerheads with both. We will get very, very massive help from Gorbachev that has been made clear. He has troubles of his own but he can afford what we need in terms of energy. We will improve relations with the US, and we expect to get back our most favoured nation [trading] status. We will get help from the western European countries — though West Germany will be absorbed with the GDR, we will look to France, the UK and Italy. "We are not too worried about Hungarian nationalism [among the 1.7m Hungarians, mainly in Transylvania]. In Timisoara during the demonstrations Hungarians and Romanians were united. The Hungarian Government can no longer use the Hungarian issue, it will rebound upon them and their own process. We hope and expect that many of the refugees in Hungary will come back, and that will ease the problems the Hungarians have here. Indeed we hope many of our people, especially those of talent who fled, will come back. We have for example some 250 top mathematicians in the West — we need them here. "The Government: "It must start

with food, with electricity, with gas. These are the priorities. We must show very vivid and evident improvements in the level of material life of the people. We don't care about grand designs — the whole emphasis will be on the basic needs of the people and out determination to do something about it. We can reduce the amount of petrol exported and give it to the cars, cut down on the queues. We can improve the food situation to a certain extent. "We won't act to lift the barriers against private enterprise until after the elections. It is a matter of focus — you can't both improve material life quickly and institute deep economic reform. We will use the levers of power that we have and which Ceausescu neglected. We have already done much: we have abolished many of the most unpopular laws. For example we have abolished the 'voluntary compulsory' labour where people had to do 'voluntary' work or pay a tax if they did not. "We have said we will pay back the investments which people were forced to make to buy shares in social property through a deduction from their wages, under which you became a shareholder by force. "Reforms: "The merit of the revolution is that from the first day people will see an improvement. "We have abolished the law against abortion. From the mid-1980s women were monitored by the medical services. Women were obliged to have children once they were married. This is why so many peasant women became skilled at aborting their child. "The Government will be seen as an independent force. The CNS will focus on the battle for the elections, while the Government will focus on the economic struggle, to improve the life of the people. There will be arguments this way and that. For example today we were discussing cutting the price of electricity by 50 per cent: one economist argued that we should have a car through the roads before we made such a commitment. "The Government will have to take some hard measures. For example, to improve heating in the houses, which we must do, we may have to close some factories. We will have to stop the investment. We are, of course, going to stop the building of that horrible palace [which Ceausescu was constructing in the centre of Bucharest] — but it will be very difficult to convert into flats, it is so monstrous inside. You can drive a car through the rooms. "There is a problem with finding competent and experienced people, but we have clever people about and we are going to promote them. Ceausescu's government was one of absolute mediocrity. He could not spell, she [Elena] could not read, and everybody else had to be worse. But we won't take reprisals except against those who were directly involved in the major decisions. I don't expect there will be so many of these because they took all the decisions themselves. "The council feared that if the Ceausescus remained alive, then the Securitate would fight even harder to beat back the revolution. In addition, the Romanian people, having already been told that the Ceausescus had been arrested, wanted some proof of their whereabouts and information about their future. Time was not on the side of the revolutionaries, hence the decision to try the couple on Monday morning. "The trial took place at the Boteni military barracks. It was a military tribunal. The couple were still wearing the coats they had worn on Thursday morning when they addressed the crowds outside the Central Committee building. "Throughout the two hour trial, Ceausescu remained arrogant. He continuously thumped the table and repeatedly waved his finger in the air. His rasping voice echoed round the court. "Elena, on the other hand, was almost bereft, resting her elbow on the table, showing complete disdain for the court and denying all the charges. "Throughout the trial, the video cameras focused only on the couple. Not one of the military officers was shown. They all remain afraid that they will be the target of assassination attempts by the Securitate. "When the sentence — death by firing squad — was announced, the couple expressed only one wish: they wanted to die together. And on Monday afternoon, at 4pm, Nicolae and Elena Ceausescu were executed."

The end of the chase

AFTER the demonstrations on Thursday morning, December 21, the Ceausescus still remained uncertain of the scale of the uprising. But on Thursday afternoon, as unarmoured crowds repeatedly confronted the Securitate, soldiers were having second thoughts about shooting their own people. "That night, as sections of the army moved over to the side of the demonstrators, General Vasile Milea, the Defence Minister, had a stormy session with Ceausescu. He said he could no longer give orders to his men to shoot the civilians. Ceausescu was furious. He gave orders for the General to be executed. "In the early hours of Friday morning, Bucharest Radio, still in the hands of the Securitate, announced that General Milea had committed suicide because he was a traitor. Mr Brucan says that the General will now be given a state funeral. "On Friday morning, the shooting started again and the crowds — this time supported by the army — attempted to storm the Central Committee building. The Presidential helicopter touched down on the roof of the building to take the Ceausescu couple on the first stage of what they thought was a safe passage abroad, possibly to Libya. "The aircraft — "an elegant white helicopter" says Mr Brucan, famous and easily recognisable — flew towards Boteni, a military base on the outskirts of Tirgoviste, a town 100 kilometres north-west of Bucharest. It was spotted by a group of peasants. When they saw the helicopter was about to land at Boteni, they alerted the army. And as the helicopter touched the ground, the peasants rushed to surround it. They prevented the couple from escaping: the peasants had captured the Ceausescus. "The army arrived at Boteni on Friday afternoon took the couple to Boteni where they were held for 48 hours. They were probably the most critical hours of the revolution. Word had reached the Securitate that the couple were arrested. "The Securitate began to bombard the military base. It was tunc and go. That tense situation forced the Council for National Salvation and the army to make a decision to try and then execute the couple. "It was a political decision," says Mr Brucan. "The situation was too critical for us to afford the luxury [of a civilian trial]. It was a crucial moment, a decision momentous in the battle for the revolution. "The council feared that if the Ceausescus remained alive, then the Securitate would fight even harder to beat back the revolution. In addition, the Romanian people, having already been told that the Ceausescus had been arrested, wanted some proof of their whereabouts and information about their future. Time was not on the side of the revolutionaries, hence the decision to try the couple on Monday morning. "The trial took place at the Boteni military barracks. It was a military tribunal. The couple were still wearing the coats they had worn on Thursday morning when they addressed the crowds outside the Central Committee building. "Throughout the two hour trial, Ceausescu remained arrogant. He continuously thumped the table and repeatedly waved his finger in the air. His rasping voice echoed round the court. "Elena, on the other hand, was almost bereft, resting her elbow on the table, showing complete disdain for the court and denying all the charges. "Throughout the trial, the video cameras focused only on the couple. Not one of the military officers was shown. They all remain afraid that they will be the target of assassination attempts by the Securitate. "When the sentence — death by firing squad — was announced, the couple expressed only one wish: they wanted to die together. And on Monday afternoon, at 4pm, Nicolae and Elena Ceausescu were executed."

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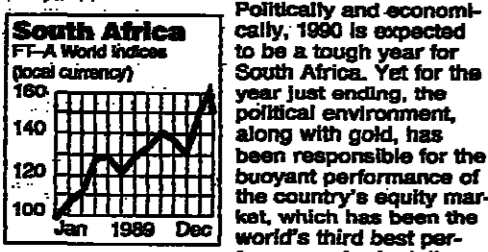
FINANCIAL TIMES
COMPANIES & MARKETS

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INSIDE

A bright spot shines in the Cape



Politically and economically, 1990 is expected to be a tough year for South Africa. Yet for the year just ending, the political environment, along with gold, has been responsible for the buoyant performance of the country's equity market, which has been the world's third best performer so far in dollar terms. And Johannesburg stockbrokers are predicting still more for 1990. "Despite this strong rise in share prices, I feel optimistic about prospects for next year, mainly because the gold price has changed from a long-term bear trend to a bull trend," says Mr Max Barlow of broker Davis, Borkum, Hare & Co. Patti Waldmeir reports. Page 28

Bitter news for accountants

An unusual dispute has broken out between John J Lewis, a small Scottish construction group, and its auditors, Touche Ross, one of Britain's largest firms of accountants. Lewis is attempting to change its auditors - but Touche Ross has refused to resign. Shareholders are being asked to approve the removal of Touche Ross as auditors to the company at an extraordinary general meeting on January 22. Page 14

Leaders fight on at Mondadori



Sometimes judges seem to move in mysterious ways: the battle between Mr Carlo De Benedetti (left) and Mr Silvio Berlusconi for control of the Italian publishing group Mondadori looks unlikely to be settled for the next month or so, following two judgments that allow each of the rivals to win a battle but produce no overall victor. The loser could be the publishing company itself, which is left drifting without a rudder, writes John Wyles. Page 18

Citicorp builds in Hong Kong

Citicorp of the US is to spend up to HK\$2.2bn on a new regional headquarters in Hong Kong. The property deal is a fillip for the colony, which needs to build a financial centre and in the property market in the run-up to 1997, when it reverts to Chinese rule. Confidence was shaken by events in China in June. The developing consortium bought the site, in a prime location in Garden Road alongside Hong Kong's new Bank of China building, at a bargain price after the Times Square deal. Hong Kong property prices. Now the consortium is considering naming the development Citicorp Centre to help attract other tenants. Page 15

Family at war

Families argue, particularly during Christmas, but the one controlling Campbell Soup is in a deeper feud. The three nieces of the late Mr Jack Dorrance, the chairman and son of the founder who died in April, said an investment group to which they belong wants to sell its 17.3 per cent stake in the giant food company - and they want the board to consider selling the whole company. Fighting them are three cousins controlling 31.3 per cent, who were elected to the board last week after they said they favoured the company remaining independent. Page 15

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Chief price changes yesterday

FRANKFURT (DDB)					
Alcoa	457	+ 10	Optimo	411	+ 8
AMC	454	+ 10	Danco	945	+ 21
MAN	454	+ 10	GRF	1830	+ 25
Phelps	451	+ 10	Staco	820	+ 10
Phelps-Dodge	451	+ 10	Staco	820	+ 10
ULV	700	+ 10	Phelps Co	830	+ 14
Hutch	281	+ 8	YONICO (Yard)		
Warta	440	+ 30	Warta		
NEW YORK (DDB)					
Alcoa	457	+ 10	Optimo	1360	+ 110
Campbell Soup	19 1/4	+ 2	Mejl Lester	1520	+ 140
Case	31 1/4	+ 2 1/4	Peak	2440	+ 250
Phelps	457	+ 10	Warta	1430	+ 140
Phelps-Dodge	457	+ 10	Phelps	4100	+ 300
ULV	700	+ 10	Phelps	4100	+ 300
Warta	440	+ 30	Phelps	4100	+ 300
NEW YORK (FT)					
AMC	700	+ 10	Fuj Car	1340	+ 80
IBM					
NEW YORK prices at 12.35p					
AMC	454	+ 10	Warta	1023	+ 21
Actra	233	+ 4	Warta Shays	324	+ 24
Phelps	451	+ 10	Phelps	70	+ 23
Phelps-Dodge	451	+ 10	Phelps	702	+ 19
ULV	700	+ 10	Phelps	65	+ 5
Warta	440	+ 30	Phelps	311	+ 4
Warta	440	+ 30	Phelps	129	+ 8

Bid piranhas find a lot to chew on

Nikki Tait looks at the surge in the number of takeover deals struck during 1989

Between those showing snow scenes and views of St Pauls comes a Christmas card with a difference. It shows a series of piranhas, each about to swallow a successively smaller piranha. It emanated from Antonio von Marx, the distant cousin of Sir James Goldsmith, who made a bizarre entry into the £13m (£21m) bid battle for BAT Industries.

Mr von Marx's card may not be subtle or seasonal, but he has a point. For much of 1988, the political environment, along with gold, has been responsible for the buoyant performance of the country's equity market, which has been the world's third best performer so far in dollar terms. And Johannesburg stockbrokers are predicting still more for 1990. "Despite this strong rise in share prices, I feel optimistic about prospects for next year, mainly because the gold price has changed from a long-term bear trend to a bull trend," says Mr Max Barlow of broker Davis, Borkum, Hare & Co. Patti Waldmeir reports. Page 28

Top 12 successful takeovers of UK quoted companies during 1989

TARGET	ACQUIRER	VALUE £m
Beecham*	SmithKline	4,665
Consolidated Gold Fields	Hanson	3,454
Gateway	Isosceles	2,064
Plessey	GEC Siemens	2,006
Jaguar	Ford	1,600
Pearl Assurance	AMP	1,240
Ward White	Boots	956
Morgan Grenfell	Deutsche Bank	950
Avis Europe	Cliva Holdings	896
DRG	Pembridge	697
Magnet	Management team	682
UEI	Carlton Communications	536

*Merger between Beecham and SmithKline Beckman

produced a warm glow in UK merchant banking parlours not least because they have belied out integrated investment houses whose market-making arms remain under severe profits pressure. But it would be a mistake to conclude that they represent steady, "more of the same" expansion. Rather, significant shifts in type of activity have taken place during the year - some of which may sound warning notes in UK boardrooms.

First, there has been the question of funding transactions. Since the 1987 stock market crash, the traditional route of underwriting new shares to offer a cash alternative has been extremely limited, partly due to institutional caution and partly because stock market ratings of acquirers have tumbled more sharply than target acquisition prices.

Attempts to resurrect the underwriting system have tended to come unstuck - witness William Low's experience, in its recently aborted offer for Budgets last April. Only in recent weeks has this situation shown tentative signs of shifting, with Fisons, for example, combining its £270m VG Instruments acquisition with a fairly generous discounted rights issue.

found their way into the BDDP offer for Boase Massimi Pollitt, the Magnet buy-out bid and, most notably, the two rival £2bn-plus offers for Gateway.

However, two increases in UK base rates and some burnt fingers among banking backers of the likes of Magnet and Lowndes Queensway have undoubtedly affected the climate. Some corporate finance executives have talked of leveraged deals being shelved, at least temporarily. Even Isosceles, the successful Gateway bidder operating in the more stable area of food retailing, was unable to syndicate fully its senior debt package.

That said, it is a moot point whether leveraged transactions have ground to a halt or are merely experiencing a lull. At least one large US investment bank suggests that it still sees deals that could be done, but with conservative structures and at the price of a larger cut for the backers in the banks.

The second major development affecting Britain's M&A business during 1989 has been the shift in the nationalities of buyers and sellers. A year ago, the UK swoop on North America was still under way, with transatlantic expenditure topping \$30bn. In the first nine months of the current year, Exel estimates that the figure eased back to \$12.2m, and there has been no final quarter rush.

To a limited extent, Europe has taken up the running as a home for UK corporate ambitions. But a more noticeable trend has been the extent to which the UK has now become the target for overseas buyers.

Almost \$4.4bn-worth of UK assets were snapped up in the first six months, with another \$7.2bn-worth changing hands in the July-September period.

GAN of France buys UK insurer

By Patrick Cockburn in London

GROUPES des Assurances Nationales, the French state-controlled insurance company, is to buy General Portfolio Group, the UK life insurer, for an initial £230m.

The takeover underlines the current attractiveness of UK insurers to continental European insurance companies looking for expansion and to French groups in particular.

GAN, France's fifth largest insurance group, said yesterday there would be no change in General Portfolio's management or organisation. Mr Vincent Isaac, chairman, will continue to run the company which he founded in 1964.

General Portfolio is a unit-linked life insurer and financial services group with a sales force of 4,000 and 140 branch offices. It has seen regular premium income grow from £3.3m in 1984-85 to £81.5m in 1988-89, and currently has more than 400,000 policies in force.

GAN is the smallest of the three French state-owned insurance groups, with net profits of FF1.85bn (£296m) last year on total premium income of FF23.5m. So far, it has proved less than sumo than other French insurers to pay heavily for acquisitions in the rest of Europe.

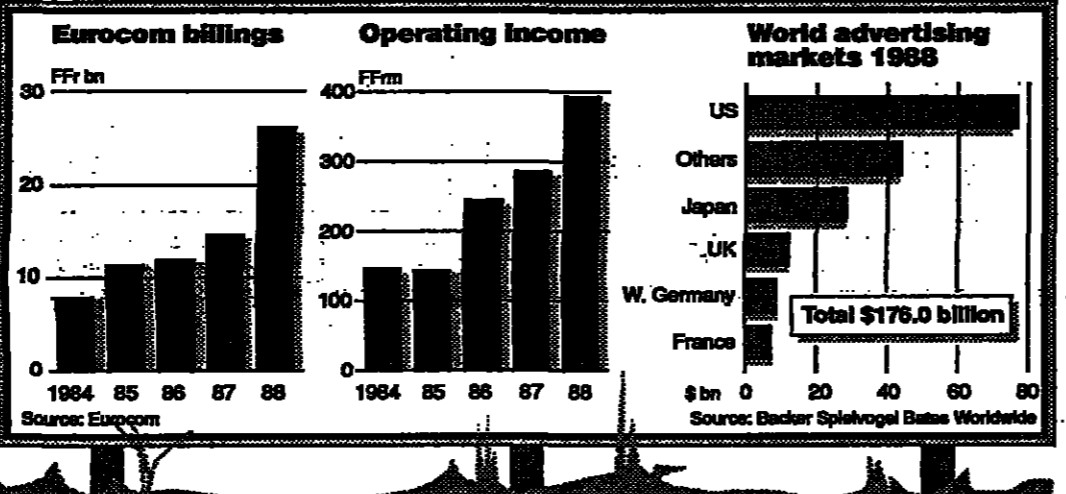
Axa M&I has already bought Equity & Law, and analysts consider the takeover of Sun Life by UAP, which owns 25 per cent, to be only a matter of time. Athens, the ninth largest French insurer, has built a significant stake in Refuge.

General Portfolio has been looking for a purchaser for at least a year. Mr Isaac said it had been clear to him since 1988 that General Portfolio's plans were more ambitious than its capital base allowed. A private placing which raised nearly £30m in that year valued the company at only £50m.

Commenting on the price paid for General Portfolio, Manufacturers Hanover, the US bank which advised GAN on the deal, said it fully reflected the value of future business anticipated by the UK unit-linked life company.

Under the agreement, GAN is to pay shareholders in the unit-linked company 300p for each share initially acquired. The rest will be purchased by stages up to 1999 at prices related to General Portfolio's performance.

In addition GAN will subscribe for up to £100m of new shares in General Portfolio in three tranches over the next two years. The first £46m subscription is included in the £230m price.



Viewed from Paris it's an ad ad ad world

Alice Rawsthorn looks at the international aspirations of Eurocom, the leading advertising agency in France

One window looks out to the town that Gustav Eiffel built 100 years ago to commemorate the centenary of the French Revolution. Another stretches to the Arch at La Defense, one of the grands projets commissioned by the French government to commemorate the bicentenary this summer.

Somehow it seems appropriate that the headquarters of Eurocom, the most powerful player in French advertising, should look over the town of Paris. Eurocom has dominated French advertising for decades, now it plans to become a force in international marketing.

A few weeks ago it fulfilled its ambition of controlling a world-wide advertising network by taking a majority holding in the agencies owned by WCRS, the French subsidiary of the US group. Mr de Plas, who worked at DDB at the time, said the only reason for moving the account was that Johnson Wax was consolidating its advertising into two international agencies.

Mr de Plas cited the example of Johnson Wax which withdrew its business from B&W to give it to PDB and DDB, the French subsidiaries of two US groups. Mr de Plas, who worked at DDB at the time, said the only reason for moving the account was that Johnson Wax was consolidating its advertising into two international agencies.

Mr de Plas is unabashed. He admits there are "a lot of holes" in the EWDB network. But Eurocom already has plans to fill in the holes in Europe. It is also looking at proposals for Japan and might even buy another network. It has been suggested as a contender for the Satchi agencies, should the Satchi group be broken up.

The first stage of Eurocom's expansion is now completed. The next stage will be to diversify into other areas of marketing. The group has begun by buying ABC, a West German public relations consultancy, which it will use as a base for expansion in Europe.

When they arrived Eurocom was a web of companies. It owned one third of HDM, the international advertising network run as a joint venture with Young & Rubicam of the US and Dentsu of Japan. It also had a complex agreement with WCRS, whereby B&W, one of its subsidiaries, owned 61 per cent of its European advertising interests - excluding the UK and Scandinavia - and 20 per cent elsewhere.

WCRS was the easiest option. The UK group had already decided to concentrate on media buying rather than advertising and needed capital to bring down its borrowings and to increase its holding in Carat, the French media buying group. Eurocom had begun discussions with WCRS even before Mr de Ponzilhas and Mr de Plas arrived.

The negotiations ground on for months. Eurocom was said to be trying with a string of other candidates. And there were reports of disaffection within WCRS, notably at Della Femina McNe-

French buy-out to be investigated by police

By William Dawkins in Paris

FRANCE'S largest ever management buy-out, the FF7bn (£1.1bn) takeover of Darty, the leading electrical goods retailer, yesterday became the subject of a police investigation, six weeks after being criticised by stock market authorities.

The Paris public prosecutor's office has asked the police to investigate whether Darty shareholders were given equal treatment, in the light of a report attacking the conditions of the deal.

This report was issued to the prosecutors last month by the Commission des Opérations de Bourse (COB), the stock market regulator. Legal officials said the fresh inquiry should be complete by the end of January, when the prosecutor will decide whether to take legal proceedings against Darty or its advisers for putting out misleading information.

Broadcasting deceptive information carries a maximum fine of FF10m. A successful prosecution could also open the way for minority investors - some of whom complained that at the time that the offer price was too low - to sue Darty for damages.

The COB's report maintains that powerful institutional investors were offered favourable terms to entice them to take part in the buy-out and that this contravened the principle of free treatment for all shareholders. Darty has strongly denied this.

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VENTERSPOST GOLD MINING COMPANY LIMITED
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(Registration No. 05/05632/05)
(Incorporated in the Republic of South Africa)

PROPOSED RIGHTS OFFER TO RAISE APPROXIMATELY R157 MILLION

Venterspost announces a proposal to raise approximately R157 million, net of estimated expenses of R3 million, by way of a rights offer of linked units (comprising deferred shares and options) to all shareholders registered at the close of business on 12 January 1990. A further amount of approximately R50 million should be raised pursuant to the exercise of the options.

The purpose of the rights offer is to provide Venterspost with working capital adequate to finance the expenditure necessary to bring the extension area adjacent to its mining title (which area was acquired in 1988) to production.

A further announcement setting out the terms of the rights offer will be published in the press on 8 January 1990.

The last day to register in order to participate in the rights offer is 12 January 1990 and in this connection the registers of members will be closed from 13 to 19 January 1990, both days inclusive, in order to determine the shareholders entitled to participate in the proposed rights offer.

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Johannesburg 29 December 1989
A member of the Gold Fields Group

UK COMPANY NEWS

Anglo disposals continue with £26m sale to BET

By Jean Marshall

ANGLO UNITED, the mining and fuel distribution group, has continued to dispose of assets acquired in its £478m contested takeover of Coalite last July.

It has sold a group of waste management and industrial cleaning businesses for £26.1m cash to BET, the specialist support services group. BET will acquire net assets of less than £4m but said that the strategic value of the businesses is in the potential landfill reserves involved.

The businesses being disposed of are Hargreaves Clearwaste, Chemical Vessel Services and Nu-Vac.

In addition to the purchase price BET has assumed about £5m of borrowings and has undertaken to procure the release of guarantees given by

other members of the Anglo group in respect of such borrowings.

Over 75 per cent of the consideration relates to Hargreaves, which has a strong market position in the north of England. It employs 240 people and operates two landfill sites, seven collection depots and a liquid waste treatment plant. BET said it would make a valuable addition to its waste management business, and that the other operations were particularly complementary to its Scottish contract cleaning business.

In the year to March 31 1989 the waste businesses generated aggregate pre-tax profits of £1.8m.

Mr David McErlain, Anglo's chairman, said the disposals were the second significant

step of the programme, announced on October 3, to sell the non-core Coalite businesses.

The proceeds of the sale will be applied towards further reducing the bridging facility obtained to fund the Coalite bid.

Anglo financed its takeover with a £200m short-term loan and a £270m six year loan, arranged through Samuel Montagu. It hopes to repay the £200m by the end of next year.

The total amount realised from the two businesses contracted to be sold to date was some £26m, he said.

At the beginning of this month Anglo announced the sale of Coalite's quarrying interests to Charter Consolidated for £53.5m cash.

Auditors refuse to resign at John Lees

By Nikki Tait

AN UNUSUAL dispute has broken out between John J Lees, the small Scottish confectionery group, and its auditors, Touche Ross, one of Britain's largest firms of accountants.

Lees is attempting to change its auditors but Touche Ross has refused to resign. Accordingly, shareholders are being asked to approve the removal of Touche Ross as auditors to the company at an extraordinary general meeting on January 22.

The formal circular from Lees said only that the board had reviewed the company's future auditing and reporting requirements and discussed them with a number of major accountancy firms.

"Following this review, the board has decided to change the interest of shareholders that a change in the company's auditors should be made at this stage," it added.

Elaborating yesterday, Mr Brian Hunter, the company's recently appointed managing director, explained that the change was being sought for a variety of reasons. The company had been unhappy with certain personnel recommendations made by the auditors, he said, adding that although the audit job had been done satisfactorily, the company had felt that advice was inadequate in other areas.

However, Mr Hunter stressed that there was no question of impropriety or of any adjustment to prior year accounts.

The board has decided it would like to appoint Ernst & Young as a replacement, and those accountants have said they would serve if the EGM motion is passed.

Yesterday, with relevant partners away from the office for the Christmas break, Touche Ross said it was unable to comment. The circular to Lees shareholders said that the firm's refusal to resign was "a matter of policy."

Shareholders attack Casket board at acrimonious AGM

By Martin Regan

SHAREHOLDERS OF Casket made clear their anger at the Manchester-based textiles-to-furnishings group's poor trading performance at its annual meeting yesterday.

In response to questions, Mr Balfour revealed that the consortium which, he said, had originated from US interests, had acquired its shares at an average price of 50p. "Obviously we believe there is potential in the company, though it is far more given by dissent than we expected," he said.

The dissent became clear during a series of heated exchanges between Lord Barnett, the chairman, and various shareholders.

The meeting often threatened to degenerate into farce. One shareholder began to use the numerous typographical errors in the annual report as an example of management inefficiency.

Lord Barnett was not amused. "There are bigger disasters than that and the fact we are losing a lot of money is one of them," he said. He announced his intention to step down in what he termed "the long-term interest of the company" and urged shareholders not to judge the board on a single bad year.

However, criticism about the acquisition of Blanc des Prés, a French company, and the continuing uncertainty over legal actions taken out by Casket in connection with its acquisition of Kingsley and Forester continued to sour the atmosphere.

After the meeting, Mr Vidy Menon, chief executive, said much of the hostility had been with those connected to Kingsley and Forester. He also suggested that Lord Barnett's replacement would come from the existing board.

TVS waiting on MTM settlement agreement

By Raymond Snoddy

MR ARTHUR PRICE, former president and chief executive of MTM, the loss-making American television production company, is keeping his old boss Mr James Galtward waiting until the last minute before deciding whether or not to sign a settlement agreement.

On December 4 Mr Galtward, chief executive of TVS Entertainment, the British TV company, announced that Mr Price had agreed to give up all rights to compensation following his resignation in October — an arrangement which apparently involved Mr Price giving up voluntarily all rights to a 10 per cent stake in TVS worth around £11m.

Mr Price made £100m, apart from his shares in TVS, when the TV company paid £50m for MTM, a company noted for programmes such as Hill Street Blues and St Elsewhere, in July 1988.

TVS has called an extraordinary general meeting for today to ratify the settlement agreement dated December 1, 1989 between Arthur Price, Mary Tyler Moore and the company.

But, speaking from Los Angeles last night, Mr Price insisted that he had not yet signed the settlement agreement and was still considering whether or not to sign.

It was far from clear last night what would happen at today's EGM if Mr Price failed to sign the settlement or signed at the very last moment.

The former MTM chief executive declined to discuss why he had not signed the settlement documents or what any points of contention involved.

It was understood that the issue was not the facts of the £11m worth of share options. Under the agreement TVS has the right to specify who should buy the shares.

Mr Price's departure followed the general realisation during the summer that the US programme syndication market — the licensing of former network shows to independent broadcasting stations — was hitting hard times.

MTM is expected to lose between \$16m-\$20m this year.

City & Westminster £2.74m in the red

Mr Aaron Gershfield, who last month replaced Mr Andrew Greystoke as chief executive of City & Westminster Group, the finance house, yesterday hit out at investment decisions made by the previous management.

Announcing a pre-tax deficit of £2.74m for the six months to end-September, against profits of £309,000 for the corresponding period last year, Mr Gershfield said the outcome reflected "the very high provision for extraordinary items" amounting to £1.8m, made in respect of the investment portfolio including the stakes in UTC and Dominion.

However, he now expected the City and Westminster Financial subsidiary to trade profitably.

British Island Airways completes £20m financial restructuring

BRITISH ISLAND Airways, the troubled charter airline quoted on the Unlisted Securities Market, yesterday announced the completion of a financial restructuring to provide a £20m cash injection, writes Vanessa Houlder.

The rescue package, which takes the form of a sale and lease-back arrangement, has been agreed with an international consortium of financiers. The company said that the cash injection, £12.5m of which would be used to repay bank loans, would ensure BIA's immediate financial future.

Negotiations are continuing with a number of interested parties in an attempt to ensure the group's longer term financial security.

For some months BIA has been seeking an alliance with a strong partner which would introduce equity capital into the company. These negotiations have, however, been hampered by the company's financial position.

Under the terms of the sale and lease-back agreement BIA has sold £13m of assets to Atlantic International Aviation Holdings with a further sale totalling £3m to International Lease Finance Corporation. The company now has negative net tangible assets.

BIA has been hit by deteriorating trading conditions within the tour operating industry and the continuing decline in consumer demand for foreign holidays.

Cookson refinances dollar debt

COOKSON GROUP, the specialist metals and chemicals supplier, is refinancing nearly half of its dollar borrowings through a private placement of \$200m in 15-year and 20-year senior debt with seven leading US insurance companies.

Mr Michael Henderson, chief executive and chairman-designate, said the proceeds would be used initially to replace short-term borrowings which were marginally more expensive.

About two thirds of Cookson's total borrowings are in dollars, while the US accounts for 30 per cent of group sales and about 20 per cent of profits.

The issue is Cookson's first foray into US capital markets. It follows a \$84m convertible preference issue in May, which was targeted at continental European investors and the arrangement in September of a \$400m multi-option facility.

The senior notes, \$75m due in 2001 and \$125m due in 2009, carry coupons of 9.49 per cent and 9.65 per cent respectively.

Peek buys US software group

Peek, the international electronic and technology group, has acquired a software company in Florida and disposed of two non-core businesses.

The company has purchased Four-Printer Systems, founded in 1976 to design and manufacture turn-key hand-held portable data selection systems for industrial and municipal customers, for \$2.5m (£1.66m).

Peek also announced that it has sold the fibre optic connector operations of Automatic Connector for \$1.4m and the conditional sale of Test Probes of San Diego for a performance related consideration of between \$2m and \$2.5m.

Pre-tax profits advanced sharply from \$289,535 to \$948,534, although last year's figures were struck after exceptional charges of \$489,000 to cover the reorganisation. Turnover rose 14 per cent to \$16.52m (£14.46m).

Profits at the operating level were ahead 34 per cent to £1.3m (£978,284). Interest charges rose sharply to £258,303 (£159,689) reflecting higher inventory and debtor levels.

Earnings expanded from 6.3p to 20.45p per share. A recommended final dividend of 8.73p lifts the total for the year to 5.4p (4.9p).

Pathfinders loses direction

Mr Stephen Worth, chairman of Pathfinders Group, the USM-quoted specialist entertainments and media recruitment agency, yesterday reported a \$195,000 fall in taxable profits to £142,000 for the six months to September 30.

Earnings fell from 0.99p (0.94p) and the interim dividend (0.3p) is omitted.

Turnover declined from £10.7m to £10.6m.

Lookers expands in agricultural market

Lookers, the Manchester-based motor dealer, is to buy Harris Agricultural Group, an agricultural machinery dealer, for £2.8m cash.

Harris made pre-tax profits of £218,000 in 1988 and had net assets of £2.1m.

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange. It does not constitute an invitation to anyone to subscribe for or purchase any shares.

This advertisement has been approved by Laing & Cruickshank (member of The Securities Association) for the purposes of Section 57 of the Financial Services Act 1986.

Application has been made to the Council of The International Stock Exchange for the grant of permission to trade in the Ordinary shares of the Company in The Third Market. It is emphasised that no application has been made for these securities to be admitted to the Official List of The International Stock Exchange or to deal in these securities on the Unlisted Securities Market.

Transactions in the Ordinary shares will be effected in accordance with the rules and regulations governing the Third Market of The Stock Exchange. This investment carries a degree of risk.

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(Registered in England under the Companies Act 1985. No. 2337949)

INTRODUCTION to THE THIRD MARKET by LAING & CRUICKSHANK

SHARE CAPITAL	
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Dealings in the Ordinary shares of the Company are expected to commence on The Third Market on Tuesday, 2nd January, 1990.

Copies of the particulars of the Company have been circulated in the Extel Financial Third Market service and are available until 16th January, 1989 from:

Laing & Cruickshank
Broadwalk House,
5 Appold Street,
London EC2A 2DA

29th December, 1989

£3m sale for ICH

International City Holdings, the money and foreign exchange broker which has been in merger talks with York Trust, is selling BAK, its asset finance business, to management for £3m cash.

Because of the York discussions and because a main board director has an interest in the acquiring company, Topcan, the deal is subject to shareholder approval.

Monotype promotes Pointplus bid

Monotype, the typesetting systems company, recommended the £24.2m takeover bid from Pointplus, a US investment company. Pointplus raised its cash offer to 16p per share on Wednesday shortly after Mr Robert Maxwell launched a 160p bid.

OMRON TATEISI ELECTRONICS CO.

Notice is hereby given that the payment of a Cash Dividend of Yen 250 per Share (before deduction of the United Kingdom tax) will be made to the registered shareholders of OMRON TATEISI ELECTRONICS CO. on 20th January 1990.

The dividend will be payable by United States Dollars (before deduction of the United States tax) to the registered shareholders of OMRON TATEISI ELECTRONICS CO. in the United States of America on 20th January 1990.

RESIDENTS OF THE FOLLOWING COUNTRIES (including the United States of America) who are entitled to receive a dividend are requested to provide the following information to the Company by 15th December 1989:

RESIDENTS OF THE REPUBLIC OF KOREA who are subject to deduction of Japanese Withholding Tax at the reduced rate of 10% per Dividend share after deduction of Withholding Tax shall provide a copy of the relevant Japanese Withholding Tax certificate (Form 201) to the Company by 15th December 1989.

RESIDENTS OF ALL OTHER COUNTRIES (including the United States of America) who are subject to deduction of Japanese Withholding Tax at the full rate of 20% per Dividend share shall provide a copy of the relevant Japanese Withholding Tax certificate (Form 201) to the Company by 15th December 1989.

RESIDENTS OF THE REPUBLIC OF KOREA who are subject to deduction of Japanese Withholding Tax at the reduced rate of 10% per Dividend share after deduction of Withholding Tax shall provide a copy of the relevant Japanese Withholding Tax certificate (Form 201) to the Company by 15th December 1989.

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Fletcher Challenge Financial Services Netherlands B.V.

U.S. \$75,000,000
8 per cent.
Subordinated Guaranteed Convertible Bonds Due 1998 (the "Bonds")

unconditionally guaranteed on a subordinated basis as to payment of principal and interest by, and with conversion rights into Ordinary Shares of

Fletcher Challenge Limited (the "Guarantor")

Adjustment of Conversion Price

Notice is hereby given that following an issue to the Guarantor's shareholders of rights to new Ordinary Shares in the proportion of one new Ordinary Share for every seven shares held, at a price of NZ\$3 per new Ordinary Share, the Conversion Price of the Bonds has, in accordance with the Trust Deed dated 22nd November, 1988, been adjusted from NZ\$5.40 to NZ\$5.09 with effect from 12th September, 1989.

Bankers Trust Company, London
29th December, 1989

Agent Bank

Ente Nazionale per l'Energia Elettrica

U.S. \$300,000,000

Floating Rate Notes Due 2005

Unconditionally guaranteed as to payment of principal and interest by

The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8 1/8% for the Interest Determination Period 29th December, 1989 to 29th June, 1990. Interest accrued for this Determination Period and payable 31st May, 1990 will amount to U.S.\$363.91 per U.S.\$10,000 Note and U.S.\$9,097.66 per U.S.\$250,000 Note. Total interest payable, value 31st May, 1990 will amount to U.S.\$439.43 per U.S.\$10,000 Note and U.S.\$10,985.68 per U.S.\$250,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Copenhagen Handelsbank A/S

(Incorporated in the Kingdom of Denmark with limited liability)

U.S. \$100,000,000

Subordinated Floating Rate Notes Due 2000

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 29th December, 1989 to 29th June, 1990 the Notes will carry an Interest Rate of 8 1/8% per annum. The interest payable on the relevant interest payment date, 30th June, 1990 will amount to U.S. \$425.56 per U.S. \$10,000 Note and U.S. \$10,664.06 per U.S. \$250,000 Note.

Morgan Guaranty Trust Company of New York, London
Agent Bank

Isvaer

U.S. \$100,000,000

Floating Rate Participation Certificates Due 1992

issued by Morgan Guaranty GmbH for the purpose of making a loan to

Istituto per lo Sviluppo Economico dell'Italia Meridionale

(a statutory body of the Republic of Italy incorporated under Law No. 298 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 29th December, 1989 to 31st January, 1990 has been fixed at 8 1/8%. Interest accrued for the above period and payable on 31st January, 1990 will amount to US\$81.93 per US\$10,000 Certificate.

Total interest payable value 31st January, 1990 will amount to US\$452.82 per US\$10,000 Certificate.

Agent
Morgan Guaranty Trust Company of New York
London Branch

Wells Fargo & Company

U.S. \$100,000,000

Subordinated Floating Rate Capital Notes due September 1997

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 29th December, 1989 to 30th March, 1990 the Notes will carry an Interest Rate of 8 1/8% per annum. Interest payable on the relevant interest payment date 30th March, 1990 will amount to US\$219.60 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Wells Fargo & Company

U.S. \$150,000,000

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 29th December, 1989 to 31st January, 1990 the Notes will carry an Interest Rate of 9.0375% per annum. Interest payable on the relevant interest payment date 31st January, 1990 will amount to US\$82.94 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

African Development Bank

U.S. \$100,000,000

Subordinated Floating Rate Notes due 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from December 29, 1989 to June 29, 1990 the Notes will carry an Interest Rate of 8 1/8% per annum for 182 days. The amount payable per U.S. \$10,000 nominal amount will be U.S. \$429.72.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

December 23, 1989

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US \$100,000,000

Floating Rate Depository Receipts due 1989

In accordance with the provisions of the notes, notice is hereby given that for the interest period December 28, 1989 to March 28, 1990 the notes will carry an interest rate of 8 1/2% per annum.

Interest payable on the relevant interest payment date 28th March 1990 will amount to US \$ 2,126.00 per US \$ 100,000 note.

Agent Bank:
Banque Paribas Luxembourg

Hill Samuel Bank Limited

45 Beech Street,
London EC2P 2LX.

INTERNATIONAL COMPANIES AND FINANCE

Citicorp buys HK\$2.2bn option on Hong Kong HQ

By John Elliott in Hong Kong

CITICORP of the US is to spend up to HK\$2.2bn (US\$282m) on a new regional headquarters in a Hong Kong property deal which gives the investment company a potential profit of around 25 per cent over three months after it bought the central area site.

Citicorp has signed an agreement for purchase of options totalling 400,000 sq ft of a 1.65m sq ft office complex. The development is being carried out by a consortium led by the Y.S. Lo family's Great Eagle company.

Citicorp has a 5 per cent equity stake in the consortium and will use the space to house a regional headquarters from 1993. This is a boost for Hong Kong's role as a regional financial centre in the run-up to 1997 when it reverts to Chinese sovereignty.

There will be two tower blocks in the development which is budgeted to cost HK\$5bn. The consortium is considering naming the development Citicorp Centre to help attract other tenants. The site is in a prime location in Garden Road alongside Hong Kong's new Bank of China building between the Central and Admiralty main office districts.

The development hit the headlines in August when Mr Lo Ka-Shun, managing director of Great Eagle, won an auction for the government-owned site with an unexpectedly low bid of HK\$2.7bn.

This was well below figures of HK\$3.5bn to HK\$4bn being projected before China's June crisis, dented Hong Kong's property market. Citicorp backed Mr Lo in his bid and became a 5 per cent equity partner after C. Rich of Japan dropped out. Great Eagle has 62.5 per cent and the rest of the equity is held in stakes ranging from 5 to 10 per cent by local Hong Kong families.

Great Eagle said yesterday that the company saw the project as a long-term investment and envisaged renting rather than selling the rest of the space.

Citicorp will occupy the upper floors of the taller of the two towers. Initially it will purchase 201,000 sq ft. It has lease or purchase options on the remainder of its potential 400,000 sq ft. The lease applies for 103,000 sq ft at HK\$50 per sq ft, which is broadly in line with current monthly rental values in the area.

A 27,000 sq metre residential development site owned by the Government in the Kowloon area of Hong Kong was yesterday sold at a public auction for HK\$107m.

The successful bidder was Realty Development Corporation. Government auctioneers and market analysts had expected a price nearer HK\$90m or HK\$80m.

Campbell Soup family divided over planned sale

By Roderick Oram in New York

THE DEEP split in the family controlling Campbell Soup became public yesterday when three members said an investment group to which they belong wants to sell its 17.3 per cent stake in the giant food company.

The three pieces of the late Mr Jack Dorrance, who died in April and was the chairman and son of the founder, said they would also "actively encourage" Campbell Soup's board to consider selling the company. The investment group which includes their husbands would also try to unseat the board if it tried to erect barriers to a takeover, it added in a Securities and Exchange Commission filing.

The women's stand pits them against three cousins controlling 31.3 per cent who were elected to the board last week after they said they favoured the company remaining independent. In total, Dorrance relatives control some 69 per cent of the company's stock.

In their filing, Mrs Dorrance Hamilton, Mrs Hope van Benzen and Mrs Diana Morris said they wanted to sell their shares at a price "significantly in excess of the current market value".

Their stated preference for a tax-free transaction set off a flurry of speculation about which large food group could bid for Campbell to meet the legal requirements of the deal.

Campbell stock rose \$3 1/4 to \$66 1/4 yesterday on the news of the filing. The market remained cautious, however, towards the stock. The 31 per cent stake held by the recently elected family member directors poses a major block to a takeover. The company is undertaking a major restructuring to revive its performance, which has lagged behind the food industry as a whole.

Gilts decline as sterling tumbles

By Deborah Hargreaves in London and Karen Zagor in New York

A THIN UK gilts market drifted downwards yesterday as sterling tumbled to a record low against the D-Mark.

A combination of a weak pound and a strong D-Mark saw the Bank of England's trade-weighted index drop to 85.8 from its previous close of 86.5 in spite of Bank intervention.

In a gilts market still under the influence of the general seasonal torpor, concern about sterling pushed the benchmark 11 1/2 per cent long gilt down 3/4 of a point at the market's open to 111.00 which is where it stayed for most of the day.

Sentiment in the gilts market remains weak as traders anticipate today's release of UK trade figures.

A depressed West German

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Coupon, Bid Date, Price, Change, Yield, Week ago, Month ago. Includes UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

London closing, *Denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal.

Technical DATA/ATLAS Price Sources

None was expected to trade actively. Nomura International brought two deals. A ¥15bn three-year issue for Monte Dei Pascoli di Siena (London) carried a 6.5 per cent coupon and was priced at 101 1/4 per cent.

with trading desks reporting minimal turnover. Three small new issues emerged, all in the yen sector.

ACTIVITY REMAINED AT extremely low levels on the Eurobond market yesterday.

INTERNATIONAL BONDS with trading desks reporting minimal turnover. Three small new issues emerged, all in the yen sector.

None was expected to trade actively. Nomura International brought two deals. A ¥15bn three-year issue for Monte Dei Pascoli di Siena (London) carried a 6.5 per cent coupon and was priced at 101 1/4 per cent.

The issue price was 100.15 per cent. In Switzerland, on the last trading day of the year a \$150m 8 1/2 per cent deal for Comptoir des Entrepreneurs traded for the first time on the secondary market and was quoted at 98 bid, against a 10 1/4 per cent issue price.

Late in the day, Daiwa Europe brought a \$100m floating-rate issue for Nishio Iwai Corporation Finance.

This adding operation, which was widely expected, should help push the funds lower at a time when they are under upward pressure from year-end "window dressing" with banks demanding excess reserves to keep enough reserves on their books.

The central bank's target for the funds rate is thought to be 8 1/4 per cent.

Creditanstalt to raise dividend

CREDITANSTALT, Austria's biggest bank, plans to increase its dividend by at least \$ch10 a share for 1989 following a year of strong earnings, AP-DJ reports.

The bank said it will pay a dividend of at least \$ch70 (S\$85) a share compared to the \$ch60 paid for 1988. It said 1989 had shown record profits.

The bank's recent prediction of a 22 per cent rise in partial operating profits was conservative, according to Mr Guido Schmidt-Chiari, the chairman. Balance-sheet assets rose an estimated 6 per cent over the year.

Creditanstalt is planning to raise \$ch1.5bn next year, Mr Schmidt-Chiari said.

Hoechst takes controlling stake in chemicals group

By Haig Simonian in Frankfurt

HOECHST, the West German chemicals concern, is taking full control of Benckiser-Knapack, a manufacturer of specialty chemicals and phosphates, by purchasing the 50 per cent stake currently held by Benckiser, the fast-expanding German household products and detergents group.

Benckiser-Knapack, which is based in southern Germany, employs about 500 people and has sales of some DM280m (\$168m) a year. Its products are used in a wide variety of applications, including water treatment, detergent and paper manufacturing.

Hoechst already owns 50 per cent of Benckiser-Knapack, and the deal, which is for an undisclosed sum, has still to be approved by the West German cartel authorities.

Benckiser has grown rapidly in the past two years through acquisitions, but has also shown a readiness to sell businesses which no longer fit its plan of becoming a leading detergent and household products group.

Last week, the company spent \$100m to buy SmithKline Beecham, the household products business, in the US and Canada.

UK munitions group reveals unexpected loss

By Clare Pearson in London

SHARES IN Astra Holdings tumbled 23p to 70p yesterday after the munitions and fireworks manufacturer announced pre-tax loss of £2.42m (\$3.5m) for the six months to end-September compared to a £4.05m profit a year earlier.

The interim announcement, two or three weeks earlier than expected, was described by one City analyst yesterday as "shockingly unexpected both in timing and content".

Astra's fall into loss comes a time of concern about the effects of recent international peace initiatives on the defence sector of the stock market. But Astra stressed its causes were wholly unrelated to such moves.

It blamed the setback on practical and timing difficulties. These were the postponement of a big order due to unrest in the Far East, changes in design of a large contract by a customer, and protracted inspection periods for a new product.

There was no news on the interim dividend, which Astra said would be subject to review later in the year. Mr Gerald James, chairman, struck a confident note yesterday. He said Astra's record £230m order book gave him confidence in the future and he was also hopeful the company would return to profitability in the short term.

Turnover stood at £39.6m (£44.23m). Interest charges amounted to £2.5m. The loss per share worked through at 5.46p compared with earnings of 6.11p.

ALLIANCE AND LEICESTER BUILDING SOCIETY Japanese Yen 10,000,000,000 Floating Rate Notes due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the six month period 27th December 1989 to but excluding 27th June 1990 the Notes will carry an interest rate of 5.95 per cent per annum. The Coupon will be Japanese Yen 294,685 on the Notes of Japanese Yen 10,000,000. The relevant interest payment date will be 27th June 1990.

MIRAL Finance Trust International Limited (Agent Bank)

CHEMICAL NEW YORK CORP US \$200,000,000 Floating Rate Senior Notes due 1999

In accordance with the provisions of the Notes, Notice is hereby given that for the interest period from 20 December 1989 to 31 January 1990 the Notes carry an interest rate of 9 per cent per annum.

The interest payable on the relevant interest payment date 31 January 1990 against coupon No.02 will be US\$20.00 per US\$100.00 Note.

AGENT BANK CHEMICAL BANK

Italex Limited U.S. \$230,000,000 Unsecured Floating Rate Notes due 1989 to 1992

CFX Credit for Exports PLC U.S. \$155,000,000 Unsecured Floating Rate Notes due 1985 to 1992

CITICORP U.S. \$500,000,000 Subordinated Floating Rate Notes Due January 30, 1998

CITICORP U.S. \$350,000,000 Subordinated Floating Rate Notes Due November 27, 2035

MOTOR CAR ADVERTISING appears every Saturday in the WEEKEND FT. Telephone JOCELYN HUNTER ON 01-873 3658

Nationwide Anglia Building Society \$150,000,000 Floating Rate Notes 1996

Crédit Lyonnais Subordinated Floating Rate Notes Due December 1999

Comerica Incorporated Floating Rate Subordinated Capital Notes Due 1997

BRISTOL & WEST BUILDING SOCIETY Floating Rate Notes Due 1993

FT INTERNATIONAL BOND SERVICE. Lists various international bonds with columns for Country, Issue, Bid, Offer, Change, Yield, and Closing prices on December 28.

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LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thursday December 28 1989, Wed Dec 27, Fri Dec 22, Dec 21, Year ago (approx). Rows include CAPITAL GOODS, BUILDING MATERIALS, ELECTRICALS, etc.

RISES AND FALLS YESTERDAY

Table with columns: Rises, Falls, Same. Rows include British Funds, Financial and Property, Industrials, etc.

LONDON RECENT ISSUES

Table with columns: Issue Price, Amount Paid, Latest Date, 1989 High/Low, Closing Price, % change. Rows include various stocks like British Airways, British Telecom, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount Paid, Latest Date, 1989 High/Low, Closing Price, % change. Rows include various government and corporate bonds.

RIGHTS OFFERS

Table with columns: Issue Price, Amount Paid, Latest Date, 1989 High/Low, Closing Price, % change. Rows include various rights issues.

TRADITIONAL OPTIONS

Table with columns: First Dealings, Last Dealings, Last Declarations, For settlement. Rows include various option contracts.

LONDON TRADED OPTIONS

ACTIVITY picked up slightly on the London Traded Options Market yesterday as traders rushed to close positions in the FT-SE 100 index option ahead of the option's expiration at 11.20am today.

Table with columns: CALLS, PUTS, Bid, Offer, Last. Rows include various option contracts for FT-SE 100 and other indices.

Table with columns: PRICE INDICES, Thursday Dec 28, Day's change, Wed Dec 27, Fri Dec 22, Dec 21, Year ago (approx.). Rows include British Government, 1-5 years, 5-15 years, etc.

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD was fixed in London yesterday afternoon at \$368.80 an ounce - the first time for five weeks that the fix has been below \$400. However, it continued to hold above key support levels, recovering to close at \$401 an ounce, a fall of \$5.25 on the day.

US MARKETS

IN THE METALS, gold, silver and platinum prices continued to slide, reports Drexel Burnham Lambert. Carryover selling from Wednesday along with a strong US Dollar weighed on the markets.

Chicago

Table with columns: Close, Previous, High/Low. Rows include SOYBEAN 5,000 bu, SOYBEAN OIL, etc.

SPOT MARKETS

Table with columns: Commodity, Price, Change. Rows include Brent Blend, W.T.I., Oil products, etc.

New York

Table with columns: Close, Previous, High/Low. Rows include GOLD 100 troy oz, PLATINUM 50 troy oz, etc.

COCKOA 10 tonnes/tonnes

Table with columns: Close, Previous, High/Low. Rows include COCKOA 10 tonnes, COFFEE, etc.

2 a tonne unless otherwise stated. p-pence/kg. c-cents/kg. r-rings/kg. y-oz. x-Dec./Jan. /Jan./Feb. y-Jan./Mar. w-Feb. z-Nov. Most Commodity average tabular prices. * Change from a week ago. † London physical market. ‡ BCF Rotterdam. † Bullion market close. m-Malaysian cents/kg.

LONDON STOCK EXCHANGE

Cautious ahead of the trade figures

THE UK stock market's bid to follow other global markets to finish the year in bullish vein was checked late yesterday by caution ahead of this morning's announcement of the latest domestic trade figures and for a subdued opening on Wall Street. Earlier, however, equities had pushed confidently above the FT-SE 2400 mark in turnover boosted by year-end tax structuring deals as well as by further window-dressing operations by fund managers.

Account Dealing Dates table with columns for First Dealing, Options Dealing, Last Dealing, and Account Closes.

stocks in the FT-SE 100 list, which take an estimated 45 per cent of profits from overseas. The optimism over potential trading and export benefits from the dramatic developments in eastern Europe, already reflected in the strong German equity market, continued to excite market strate-

gists, and brought further support for building and construction issues. Meanwhile, domestic stocks were brightened by the persistent strength of the recently-privatised water issue shares, which now offer potential yields of 4.25 per cent across the full range of the London stock market.

Equities opened confidently, with the initial upswing taking the FT-SE index comfortably above 2,400 to show a gain of 16 points at 2,411.8 by mid-morning. At this point, only 15 points under the year's high, investors backed off a little as they assessed the prospects for the November trade figures.

The market continued to slacken as fund managers completed their window-dressing operations ahead of the year-end, and was further discouraged when Wall Street opened lower.

By the close, the FT-SE index showed a gain of only 3 points at 2,388.8. Some trading volume improved significantly to 410.2m shares, buttressed by a handful of block trades which represented shares sold late on Wednesday evening and then repurchased yesterday morning, with deals which can establish a loss for tax purposes.

This morning brings a potentially unfortunate coincidence,

for the equity market when the announcement of the UK November trade figures will arrive within minutes of the expiry of the December contract on the FT-SE 100 index, as well as on individual share options; option expiries have previously caused a sudden spurt in the FT-SE index but the trade figures news could upset technical calculations this morning.

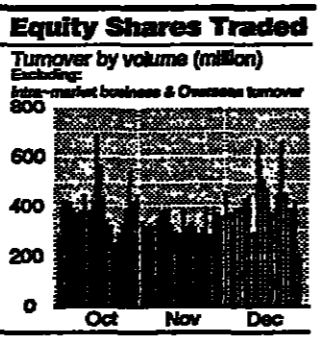
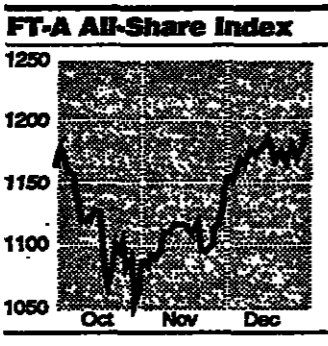
The Financial Times will stop calculation of all its indices at 3.30pm today, when the Stock Exchange has announced that trading of UK equities and gilts will close at noon.

FINANCIAL TIMES STOCK INDICES table with columns for Dec 20, Dec 27, Dec 28, Dec 29, Dec 30, Dec 31, Year Ago, High, Low, and Stock Contention.

TRADING VOLUME IN MAJOR STOCKS table with columns for Company Name, Shares, and Price Change.

Gas in demand again

British Gas outstripped the rest of the oil sector to close just 6 below its all time high set in July 1987. The shares have for several days been buoyed by a strong crude oil price, but yesterday analysts and dealers were united in ascribing the latest improvement to institutional demand for water stocks as a high yielding utility.



UK institutions put in a rare appearance as buyers of Batters. The US interest continued as usual and the combination left the price 21 better at 1023p on turnover of 622,000, quite good for the stock on a quiet day. UK institutions are beginning to understand Batters as a value added network and its potential of margin improvement over a period of time, said Mr Mark Loveland of SG Warburg.

ICI firmed 5 to 1120p and Hanson added a penny at 232p. Water shares had a mixed day in relatively thin volume. The biggest gain of the day was registered by North West, rising 4 to 147p. It is still the second cheapest of the water issues. Smaller rises were recorded by Anglian and Northumbria, 2 better at 1023p and 171p respectively, and Severn Trent, up 4 to 140 1/2p. South West, 5 to the good at 169p, Thames 2 1/2 dearer at 154 1/2, Welsh 3 more to 162p and Yorkshire 3 to the good at 169p. The laggards were Southern, which closed unchanged at 148p, and Wessex which shed 2 to 183p as early buyers held back in afternoon trading. The Package improved 30 to 2150p.

extended the gains of the previous session but subsided in later trading to close within a few pence of overnight levels. Reported turnover was fairly moderate, traders again reported that window-dressing by the institutions had been joined by some cautious investment demand from funds beginning to make their plays for the new year.

Among the domestic banking names, Barclays (564p), Lloyds (447p), Midland (397p) and Natwest (340p) were barely changed at the close, having abandoned earlier gains. TSB, still the least favoured share in this area, slipped 3 to 129p.

Trading volumes, while unremarkable by non-holiday standards, showed a significant increase on the previous day's totals. Turnover in Barclays was almost tripled at 2.8m, and Midland (1.5m) showed a gain of similar proportions.

Next month brings the opening of the banking profits reporting season, when the investment funds will expect to see evidence supporting the view that the outlook for banking dividends is good, or at least better than for 1990 payments from some UK industrial companies.

Interest in the insurance sector also remained fairly high, with marketmakers anxious not to be caught short of stock in a sector now regarded as prime takeover country in the new year. Speculative interest was fuelled by the moves to liberalise Europe's insurance market agreed last week by the EC internal market ministers. The US financial industry is now thought to regard UK acquisitions as a possible cheap entry into the post-1992

European financial sectors. However, with Wall Street looking slightly uncertain in early trade, London's insurance sector was fairly quiet before the close. Commercial Union (528p) and Guardian Royal Exchange (280p) ended with minor falls, while Legal & General (425p) and Beagle (646p) were finally below their levels. Among insurance brokers, Sedgwick slipped 4 to 311p without seeing much business.

Aviva Petroleum put in a good run ahead of the extraordinary meeting on January 4 to approve a 25m rights issue. The shares touched 27 1/2p before closing a net 1 1/2 up at 26 1/2p. Hopes for success in drilling in the Gulf of Mexico pushed Aram Energy 4 better to 69p.

Richmond Oil and Gas firmed 3 to 102p after the stock was picked as a buy for 1990 by a newspaper survey of fund managers. One other to do well for a similar reason was the small jewellery retailer Owen & Robinson, 2 up at 48p, after 50p. Another niche retailer, US&I-quoted French Commacon continued to suffer from Wednesday's decline into losses, slipping another 5 to 65p.

Shares in Ferranti, the troubled defence electronics group ended at an all time low as the price slipped a penny to 29p, on turnover of 6.2m. Talk of interest rate cuts in 1990 lifted the building and property sectors. Among the star features were AMEC, up 18 to 464p, Meyer International, up 7 to 369p, and RMC which gained 9 to 679p. Redland went 5 better to close at 592p on talk of

Carlton falls

The only double figure loss in the FT-SE 100 was suffered by Carlton Communications. It dropped below 28, closing a net 19 off at 792p. One analyst explained that Walt Disney's share price in the US had suffered in recent days as his Christmas films turned out not to be the blockbusters hoped for. This puts a question mark over video duplication orders for mid-1990 at Carlton subsidiary Technicolor, said the analyst. Disney is Technicolor's biggest customer.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors like Chemicals, Electronics, and Property.

APPOINTMENTS

Board posts at Ellis & Everard

Mr Des McDonald, managing director of Euro Chem, Dublin, has joined the UK board of ELLIS & EVERARD to represent the group's Irish interests, which now includes Alfred Cotter in Belfast, and Chemplus in Limerick. Mr John Boyle, financial director of subsidiary Cargo Fleet Chemicals, Teesside, also joins the main board.

CLARION MECHANICAL HANDLING, Glasgow, which distributes Clark fork lift trucks, has appointed Mr F.A. Brown and Mr T. McCloy, regional managers, to the board. Mr Hugh Barry becomes a non-executive director. He is a non-executive director of Rippon Group, and John J. Lees. All join the board on January 1.

GLAMAR GROUP has appointed Mr Julian Cronk as group company secretary. He was group company secretary of the Albert Fisher group. Ms Christine Galsley has been appointed marketing director of the hoistery division. She joins from Gateway Foodmarkets, where she was buying controller - non-foods, with special responsibility for hoistery development.

January 1. He will continue as executive chairman of LASMO North Sea.



Mr John Handley (above) has been appointed operations director of OYESSAAL FOODS, supplier of natural food colourants, and part of the BEIM Group. He is responsible for managing operational strategy in addition to co-ordinating sales and marketing functions. Mr Handley joins from Bank Ewri, Rotham flour mill, where he was general manager.

Mr Paul Scherer, managing director and chief executive of Transworld Publishers, has been elected vice president of THE PUBLISHERS ASSOCIATION. He takes office at the annual meeting on April 26, and will automatically succeed to the presidency for two years in 1991.

REGENCY & WEST OF ENGLAND BUILDING SOCIETY, Marlborough, has appointed Mr John E. Clarke as executive, mortgage services, from January 2. He was general manager (management services) at the Bristol & West Building Society.

LASMO has appointed Mr Joe Darby to the board from

CONTRACTS

Water problems on the Rock

The export of drinking water to Gibraltar has helped NORTHUMBRIAN WATER to win an engineering consultancy contract from the public works department of the Gibraltar Government. The order is to design and supervise the building of a sea water pumping station. In Gibraltar there are two water distribution systems. One carries drinking water, which is in short supply, while the other carries salt water, which is used for fire-fighting and sanitation. The

new pumping station, to be built at North Mole, will replace one nearby which is subject to operational problems, principally poor access to the main plant and the sea water intake. At the new location, sea water will be drawn from an area not obstructed by existing or proposed developments. Automatic control will be a feature of the new station. Northumbrian Water has been supplying drinking water from Teesport to the Rock since 1983.

Wrapping steel coils in Korea

THE BRONX ENGINEERING CO, Lys, West Midlands, part of the Veron International Group, has a contract worth over 25m to supply The Pohang Iron and Steel Co, South Korea, with three coil automatic transportation and packaging lines for wrapping steel coils to prevent damage during shipment. The lines,

over 60 metres long, have different capacities. The first, to be delivered late next year, will package 35 tonne coils at 15/hr; the second is a high speed line wrapping 25 tonne coils at 30/hr while the third will handle 25 tonne coils at 15/hr. The second and third lines will be installed in the latter part of 1991.

WEST ELECTRONICS, part of James Yorke (Holdings), has won a 50m telecommunications contract to supply Dalmia Industries of India with transfer of message switch technology to operate on the Indian telex network.

JOHN BROWN plastics machinery companies have been awarded a US\$5m contract for extrusion, thermoforming, reclamation and material-handling equipment at the Kuskovsky Chemical Plant in Moscow, USSR. The deal was developed to meet the Kuskovsky Plant's needs for extruded polypropylene sheet and thermoformed containers and lids.

EB NITRAN, Dundee, has won a 21.6m order from John Brown Engineering, main contractor at Peterhead power station, for two 150 MVA generating transformers, to be completed by the end of next year. They will operate in conjunction with the gas turbines being installed by John Brown.

DAVIS AND METCALFE has an order for 26 vehicle sets of electronic brake control equipment, and hydraulic compressors, together with ancillary apparatus, from GEC Alsthom Transportation Projects, part of the GMA Group. The contract value for this first phase is over 240,000, and delivery is from June 1990 to January 1991.

The Prudential Insurance Company of America U.S. \$500,000,000 Collateralized Mortgage Obligations Series 1986-1

BankAmerica Corporation Floating Rate Subordinated Capital Notes Due 1996

AMERICAN EXPRESS BANK U.S. \$100,000,000 Floating Rate Subordinated Capital Notes Due 1997

CREDIOP CONSORZIO DI CREDITO PER LE OPERE PUBBLICHE ROMANE

CITICORP U.S. \$500,000,000 Subordinated Floating Rate Notes Due October 25, 2005

U.S. \$75,000,000 Girozentrale und Bank der osterreichischen Sparkassen Aktiengesellschaft

U.S. \$200,000,000 CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.

DEFENCE The Financial Times proposes to publish this survey on: 17th January 1990

Wells Fargo & Company U.S. \$200,000,000 Floating Rate Subordinated Notes due 2000

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FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, and Yield. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-882-2338

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY (SR RECOGNISED)'.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics.

Table of London Share Service, including sections for British Funds, Loans, Foreign Bonds & Rails, Americans, Money Market Trust Funds, and Money Market Bank Accounts.

LONDON SHARE SERVICE

Least Share Prices are available on FT Cyteline. To obtain your free Share Code Booklet ring the FT Cyteline help desk on 01-422-7128

AMERICANS - Contd

Table listing American companies such as Amstar, Amstar Corp, Amstar Fibers, etc., with columns for stock price, bid, and offer.

CANADIANS

Table listing Canadian companies such as Alcan, Alcan Aluminum, Alcan Canada, etc., with columns for stock price, bid, and offer.

BANKS, HP & LEASING

Table listing financial institutions such as Bank of Montreal, Bank of New York, etc., with columns for stock price, bid, and offer.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Anheuser-Busch, Carlsberg, etc., with columns for stock price, bid, and offer.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bechtel, Bovis Lend Lease, etc., with columns for stock price, bid, and offer.

BUILDING, TIMBER, ROADS - Contd

Continuation of Building, Timber, Roads companies.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as Akzo, Akzo Chemicals, etc., with columns for stock price, bid, and offer.

DRAPERY AND STORES

Table listing drapery and store companies such as Alan Poul, etc., with columns for stock price, bid, and offer.

BEERS, WINES & SPIRITS

Continuation of Beer, Wine & Spirit companies.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads companies.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies.

ELECTRICALS

Table listing electrical companies such as Balfour Beatty, etc., with columns for stock price, bid, and offer.

DRAPERY AND STORES

Continuation of Drapery and Stores companies.

BEERS, WINES & SPIRITS

Continuation of Beer, Wine & Spirit companies.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads companies.

ENGINEERING - Contd

Continuation of Engineering companies.

FOOD, GROCERIES, ETC

Table listing food and grocery companies such as Borden, etc., with columns for stock price, bid, and offer.

DRAPERY AND STORES

Continuation of Drapery and Stores companies.

BEERS, WINES & SPIRITS

Continuation of Beer, Wine & Spirit companies.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads companies.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Grand Hotels, etc., with columns for stock price, bid, and offer.

INDUSTRIALS (Misc.)

Continuation of Industrial (Misc.) companies.

BEERS, WINES & SPIRITS

Continuation of Beer, Wine & Spirit companies.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads companies.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

INSURANCES

Table listing insurance companies such as Allianz, etc., with columns for stock price, bid, and offer.

INDUSTRIALS (Misc.)

Continuation of Industrial (Misc.) companies.

BEERS, WINES & SPIRITS

Continuation of Beer, Wine & Spirit companies.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads companies.

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LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-1228

LEISURE table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Leisure Group, Leisure Leisure, and Leisure Leisure.

PAPER, PRINTING, ADVERTISING - Contd table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Paper Printing, Advertising, and Advertising.

PROPERTY table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Property, Property, and Property.

TRANSPORT table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Transport, Transport, and Transport.

TRUSTS, FINANCE, LAND - Contd table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Trusts, Finance, and Land.

OIL AND GAS - Contd table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Oil and Gas, Oil and Gas, and Oil and Gas.

MOTORS, AIRCRAFT TRADES table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Motors, Aircraft, and Aircraft.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Trusts, Finance, and Land.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Trusts, Finance, and Land.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Trusts, Finance, and Land.

OVERSEAS TRADERS table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Overseas, Overseas, and Overseas.

PLANTATIONS table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Plantations, Plantations, and Plantations.

NEWSPAPERS, PUBLISHERS table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Newspapers, Publishers, and Publishers.

PROPERTY table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Property, Property, and Property.

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PROPERTY table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Property, Property, and Property.

PAPER, PRINTING, ADVERTISING table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Paper, Printing, and Advertising.

SHOES AND LEATHER table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Shoes and Leather, Shoes and Leather, and Shoes and Leather.

SOUTH AFRICANS table with columns for Stock, Price, %Ch, and %YTD. Includes companies like South Africans, South Africans, and South Africans.

TEXTILES table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Textiles, Textiles, and Textiles.

TOBACCO table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Tobacco, Tobacco, and Tobacco.

TOBACCO table with columns for Stock, Price, %Ch, and %YTD. Includes companies like Tobacco, Tobacco, and Tobacco.

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Stock Exchange closing classifications are indicated to the right of security names... Regional & Irish Stocks... Traditional Options... This service is available to every company listed on the Stock Exchange...

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark continues to advance

The D-Mark's advance continued yesterday, pushing sterling and the Italian lira to record lows, the Swiss franc to its lowest level for 8 1/2 years, and several other currencies to their lowest levels against the D-Mark this year.

but was unchanged at Y251.00. According to the Bank of England sterling's index fell 0.8 to 86.7.

Strong end-of-year demand for money pushed up short term interest rates in several financial centres. High Frankfurt interest rates supported the D-Mark, putting upward pressure on other European rates.

Sterling touched a low of DM2.7225, but rallied a little to close at DM2.7225 in London compared with DM2.7475 on Wednesday. The pound also fell 1.20 cents to \$1.6135; and to Sfr2.4825 from Sfr2.4950; and to FFfr3.8025 from FFfr3.8325.

In Milan the D-Mark was fixed at a record high of L749.75, against L749.30 on Wednesday, but in contrast the French franc was set at DM292.85 per 100 D-Marks, the weakest since the record low of DM292.24 set in October 1988.

In New York the Federal Reserve added liquidity to the banking system, via five-day system repurchase agreements, when Federal funds were trading at 9 1/2 per cent, compared with an assumed target of 8 1/4 per cent.

EURO-CURRENCY INTEREST RATES

Table with columns for currency (Sterling, US Dollar, etc.), term (3 months, 6 months, 1 year), and interest rate.

S IN NEW YORK

Table showing S in New York with columns for currency, date, and price.

STERLING INDEX

Table showing Sterling Index with columns for date, index value, and change.

CURRENCY RATES

Table showing Currency Rates with columns for currency, rate, and change.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for currency, movement, and percentage change.

OTHER CURRENCIES

Table showing Other Currencies with columns for currency, rate, and change.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG CALL FUTURES OPTIONS

Table showing LIFFE Long Call Futures Options with columns for strike, price, and change.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table showing LIFFE US Treasury Bond Futures Options with columns for strike, price, and change.

LIFFE BOND FUTURES OPTIONS

Table showing LIFFE Bond Futures Options with columns for strike, price, and change.

LIFFE EURO-DOLLAR OPTIONS

Table showing LIFFE Euro-Dollar Options with columns for strike, price, and change.

LIFFE EURO-DOLLAR OPTIONS

Table showing LIFFE Euro-Dollar Options with columns for strike, price, and change.

LIFFE SHORT STRIKING OPTIONS

Table showing LIFFE Short Striking Options with columns for strike, price, and change.

CHICAGO

Table showing Chicago market data with columns for date, price, and change.

JAPANESE YEN BOND

Table showing Japanese Yen Bond market data with columns for date, price, and change.

DEUTSCHE MARK BOND

Table showing Deutsche Mark Bond market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

THREE-MONTH EURO-DOLLAR BOND

Table showing Three-Month Euro-Dollar Bond market data with columns for date, price, and change.

STANDARD & POOR 500 INDEX

Table showing Standard & Poor 500 Index market data with columns for date, price, and change.

PHILADELPHIA 10-YEAR BOND

Table showing Philadelphia 10-Year Bond market data with columns for date, price, and change.

STANDARD & POOR 500 INDEX

Table showing Standard & Poor 500 Index market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot - Forward Against the Pound with columns for date, rate, and change.

LIFFE EURO-DOLLAR BOND

Table showing LIFFE Euro-Dollar Bond market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange with columns for date, price, and change.

LIFFE EURO-DOLLAR BOND

Table showing LIFFE Euro-Dollar Bond market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot - Forward Against the Dollar with columns for date, rate, and change.

LIFFE EURO-DOLLAR BOND

Table showing LIFFE Euro-Dollar Bond market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates with columns for currency, rate, and change.

LIFFE EURO-DOLLAR BOND

Table showing LIFFE Euro-Dollar Bond market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates with columns for currency, rate, and change.

LIFFE EURO-DOLLAR BOND

Table showing LIFFE Euro-Dollar Bond market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

MONEY MARKETS

German credit tight

CALL MONEY stabilised at 8.00 per cent in Frankfurt yesterday, after the West German Bundesbank added liquidity to the banking system via a short term securities repurchase agreement.

In London three-month interbank rate rose slightly to 15 1/2 per cent from 15 1/4 per cent, and longer rates also firmed, on sterling's weakness.

UK clearing bank base lending rate 15 per cent from October 5

These outweighed Ecuchequer transactions adding \$160m to liquidity and a fall in the note circulation of \$45m.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing with columns for date, rate, and change.

MONEY RATES

Table showing Money Rates with columns for date, rate, and change.

BASE LENDING RATES

Table showing Base Lending Rates with columns for bank, rate, and change.

LONDON MONEY RATES

Table showing London Money Rates with columns for date, rate, and change.

OTHER CURRENCIES

Table showing Other Currencies with columns for currency, rate, and change.

LIFFE EURO-DOLLAR BOND

Table showing LIFFE Euro-Dollar Bond market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

LIFFE EURO-DOLLAR BOND

Table showing LIFFE Euro-Dollar Bond market data with columns for date, price, and change.

U.S. TREASURY BILLS (90% F)

Table showing U.S. Treasury Bills market data with columns for date, price, and change.

LIFFE EURO-DOLLAR BOND

Table showing LIFFE Euro-Dollar Bond market data with columns for date, price, and change.

GRANVILLE SPONSORED SECURITIES. Table listing various securities with columns for high/low, company, price, change, and yield.

FT-SE 100 Where next? Call for our current views. Includes contact information for FT-SE 100.

GROWTH INDUSTRIES IN THE THAMES VALLEY. The Financial Times proposes to publish a Survey on the above on 16TH FEBRUARY 1990.

RACHEL FIDDIMORE on 01-873 4152 or write to her at: Number One, Southwark Bridge London SE1 9HL.

JOTTER PAD. A small advertisement for a notepad.

CROSSWORD No. 7,125 Set by GRIFFIN. A crossword puzzle advertisement.

CROSSWORD grid with clues for 1 Across, 2 Down, 3 Down, 4 Down, 5 Down, 6 Down, 7 Down, 8 Down, 9 Down, 10 Down, 11 Down, 12 Down, 13 Down, 14 Down, 15 Down, 16 Down, 17 Down, 18 Down, 19 Down, 20 Down, 21 Down, 22 Down, 23 Down, 24 Down, 25 Down, 26 Down, 27 Down, 28 Down, 29 Down, 30 Down, 31 Down, 32 Down, 33 Down, 34 Down, 35 Down, 36 Down, 37 Down, 38 Down, 39 Down, 40 Down, 41 Down, 42 Down, 43 Down, 44 Down, 45 Down, 46 Down, 47 Down, 48 Down, 49 Down, 50 Down, 51 Down, 52 Down, 53 Down, 54 Down, 55 Down, 56 Down, 57 Down, 58 Down, 59 Down, 60 Down, 61 Down, 62 Down, 63 Down, 64 Down, 65 Down, 66 Down, 67 Down, 68 Down, 69 Down, 70 Down, 71 Down, 72 Down, 73 Down, 74 Down, 75 Down, 76 Down, 77 Down, 78 Down, 79 Down, 80 Down, 81 Down, 82 Down, 83 Down, 84 Down, 85 Down, 86 Down, 87 Down, 88 Down, 89 Down, 90 Down, 91 Down, 92 Down, 93 Down, 94 Down, 95 Down, 96 Down, 97 Down, 98 Down, 99 Down, 100 Down.

HOLIDAYS and TRAVEL advertising appears every Saturday in the WEEKEND FT. To place your advertisement please telephone JESSICA PERRY 01-407 5756, STEPHANIE SPRATT 01-407 5750, LOURDEZ BELLIS 01-407 5752.

Handwritten signature or scribble at the bottom of the page.

Handwritten note: "Handwritten text at the top center of the page, possibly a date or reference." (Note: The text is illegible due to blurriness)

WORLD STOCK MARKETS

Table of stock market data for various countries including Australia, France, Germany, Italy, Sweden, and Switzerland. Columns include stock names, prices, and changes.

Table of stock market data for Canada, including Toronto and Montreal. Columns include stock names, prices, and changes.

Table of financial indices including Dow Jones, Standard and Poor's, and various regional indices. Includes columns for Dec 28, Dec 27, Dec 26, Dec 25, and 1989.

Table of stock market data for Japan, listing various companies and their stock prices.

Table of stock market data for Australia, listing various companies and their stock prices.

Advertisement for 'Travelling by air on business?' featuring a map of the world and a list of cities served by airlines. Includes contact information for Financial Times.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, Stock, Div, Yld, % Chg, and Close. Includes a 'Continued from previous page' note.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for High, Low, Stock, Div, Yld, % Chg, and Close.

NASDAQ NATIONAL MARKET

2pm prices December 29

Table of NASDAQ National Market listing various stocks with columns for High, Low, Stock, Div, Yld, % Chg, and Close.

Handwritten text in a box at the top center of the page.

Prices are official... unless otherwise noted... unless otherwise noted... unless otherwise noted...

Advertisement for F.T. hand delivered, Vienna 515 62161, and Peter Grün of Morawa & Co.

AMERICA

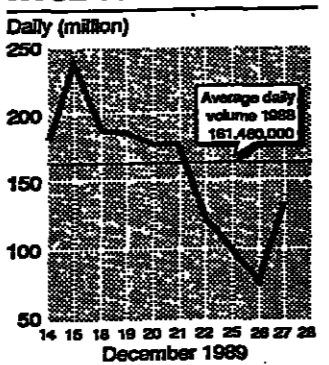
Dow sticks in a narrow range as volume shrinks

Wall Street

LASSITUDE characterised yesterday morning's stock market, with equities trading in a very tight range in low volumes before the new year weekend...

stock market. The Germany Fund jumped \$2 to \$194, though the fund's managers said that they felt the high prices were exaggerated...

NYSE volume



Fund was up 1/4 at \$144. Campbell Soup rose 3/4 to \$58 after members of the Dorrance family, which holds a controlling stake in the company...

EUROPE

Jubilant West Germany spreads seasonal cheer

SEVERAL European bourses had their final trading day of 1989 yesterday, and the mood was suitably festive as the jubilation in West Germany spread further afield...

DM454, although most other stocks in the sector eased on profit-taking. Deutsche Babcock, which fell on Wednesday...

heavy, dividend-related trading. The stock will go ex-dividend today. Bank of New England climbed \$1 to \$94 as the stock continued to recover from its pre-Christmas sell-off...

Canada

VERY LIGHT, midseason trading in Toronto left share prices little changed. There were some significant declines, mostly in the transportation and gold sectors...

Tokyo

IN SPITE of a lack of buying incentives and a spate of profit-taking before the new year break, the Nikkei average managed a third consecutive record high yesterday with the help of arbitrage activity...

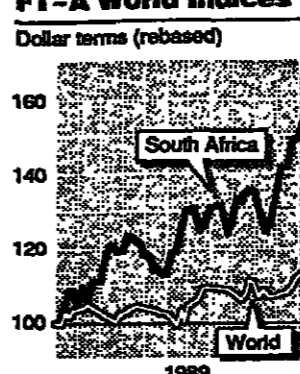
Gold and politics stimulate Johannesburg

Patti Waldmeir on the foreign influence behind the world's third best performance

POLITICALLY and economically, 1990 is expected to be a tough year for South Africa. But one would never know it from the country's equity market...

September 15 - was not the only factor behind the JSE's latest surge. For the first time in years, foreign buyers were a major factor in the market, reversing yet another trend...

FT-A World Indices



largely confined to gold shares so far, to be extended to industrials, which have risen much less sharply in recent weeks. Since the end of October, the JSE Industrials Index has risen by 7.2 per cent...

spite of further privatisations, they point out that offers of new equity totalling R3.5bn to the end of October 1989 (including the privatisation of state steelmaker Iscor) did little to slow the market's rise...

A number of oil company shares lost ground as crude oil futures moved lower on the New York Mercantile Exchange. Heating oil, which had led the market through the cold weather snap this December...

Johnannesburg stockbrokers are predicting a more for 1990. Despite the strong rise in share prices, I feel optimistic about prospects for next year, mainly because the gold price has changed from a long-term bear trend to a bull trend...

But the reversal in gold's fortunes - the gold price has risen by 14 per cent since its 1989 low of \$356 an ounce on...

machinery maker, benefited from rumours that its shares were being bought by Kabe Steel. It gained 1/2 to \$1.210. Good business results supported Amada, a leading machine tool maker that has benefited from this year's capital spending binge by Japanese industry...

During a volatile session, the Nikkei recovered between a high of 38,930 and a low of 38,678.17 before closing with a moderate gain of 75.31 to 38,767.94.

Advancing issues at 461, however, were just overtaken by declines at 463, while 189 were unchanged. Turnover slipped to 606m shares from 800m on Wednesday. The Topix index ended at 1,370.92, in later trading in London, the ISE/Nikkei 50 index added 1.69 to 2,146.14.

With only a half-day session to go before the five-day new year break, investors raked in the gains where they could. Enthusiasm about the outlook for world trade and the Japanese economy was untempered, but the market suffered from a lack of news and fresh buying themes...

Among the big moves, Hitachi Sales, the general distributor for consumer electronics group Hitachi, gained 7/10 to \$1.310 on expectations that a relaxation of rules on trade with communist countries would benefit its business...

Manuel, the trading company, topped the volumes list with 56.6m shares but closed unchanged at \$1,100, after being sought recently because of its experience of trading with the Soviet Union.

Three of the 10 most active stocks yesterday were linked to the copper recovery speculation. Maruetsu, the supermarket chain, rose 1/10 to \$3.800 amid expectations of a wide-ranging restructuring in the retail industry following indications of speculative activity.

Isaki, an agricultural

sees a big rise in the price of 40 cents a gallon in the last month. Exxon was off 1/4 at \$50.4, Mobil fell 1/4 to \$49.4, Chevron lost 1/4 to \$47.4 and British Petroleum was down 1/4 at \$44.4.

VERY LIGHT, midseason trading in Toronto left share prices little changed. There were some significant declines, mostly in the transportation and gold sectors, while industrial stocks held steady.

IN SPITE of a lack of buying incentives and a spate of profit-taking before the new year break, the Nikkei average managed a third consecutive record high yesterday with the help of arbitrage activity, writes Michiko Nakamoto in Tokyo.

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FT-ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Wednesday December 27 1989, Thursday December 28 1989, and Dollar Index. It lists various countries and their stock indices with percentage changes.

COMPANY NOTICES: NOTICE TO NOTES HOLDERS OF HONDA INTERNATIONAL FINANCE B.V. U.S.\$70,000,000 7 1/2% Notes Due 1991...

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LEGAL NOTICES: No. 60728 of 1989 IN THE HIGH COURT OF JUSTICE Chancery Division...

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LEGAL NOTICES: NOTICE IS HEREBY GIVEN that by an Order dated 18th December 1989 the Court has granted a writ of Habeas Corpus...

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SPAIN: The Financial Times proposes to publish this survey on: 19th February 1990...

SPAIN: For a full editorial synopsis and advertisement details, please contact: Richard Olive on 01-577 0909...

SPAIN: Financial Times Serrano, 58 28001 Madrid Fax: (01) 564 6813

SPAIN: Alternatively Sandra Lynch One Southwark Bridge, London SE1 9HL on 01-873 4199

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